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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	19th January 2022	Agenda Item	5.2
Report Title	Annual Accounts Update and Closure Plan 2021/22		
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 2022.		
Key Issues	<p>Welsh Government issued the draft manual for accounts on 21st December 2021 which will be discussed by the All Wales Technical Accounting Group at its meeting on 25th January 2022.</p> <p>The draft manual for accounts requires draft accounts to be submitted to Welsh Government by midday on 29th April 2020, with audited accounts to be submitted by midday on 15th June 2020. These dates include extra time 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 has not yet commenced due to resource issues at Audit Wales and a meeting with Audit Wales is planned for 12th January 2022 to agree 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 24th January 2022 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 14th March 2022 to go through the detailed year end closure plan and associated guidance.</p> <p>It is probable that the 2021/22 accounts closedown and audit will be undertaken by staff working from home. It is therefore envisaged that the processes put in place for the</p>		

	<p>2019/20 and 2020/21 accounts will be replicated for 2021/22.</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. ➤ 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 the detailed 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 a qualified regularity opinion on the health board accounts relating to any 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. <p>The majority of these issues are currently being discussed with Audit Wales locally and through the all Wales Technical Accounting Group, with the qualification issue being discussed at Directors of Finance level.</p>			
<p>Specific Action Required <i>(please ✓ one only)</i></p>	<p>Information</p>	<p>Discussion</p>	<p>Assurance</p>	<p>Approval</p>
<p>Recommendations</p>	<p>Members are asked to:</p> <ul style="list-style-type: none"> • Approve the year-end accounts timetable and closure plan 			

ANNUAL ACCOUNTS UPDATE AND CLOSURE PLAN 2021/22

1. INTRODUCTION

- 1.1. In order to ensure that the annual accounts for the health board for the 2021/22 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 2021. 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 2022.
- 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 20th January 2022. 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. A meeting with Audit Wales to discuss the interim audit, potential early audit testing and the overall 2021/22 accounts closure plan is scheduled for 12th January 2022 but it is not anticipated that formal interim audit work will commence until February 2022. This is later than normal and presents a challenge for the Finance team in accommodating 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 that this will be shared with Audit Wales by Monday 24th January 2022, following the meeting with Audit Wales on 12th January 2022. 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 2022. A teams meeting has also been arranged with the whole Finance function on 14th March 2022 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. The Committee will recall that there was an extension granted to both the draft accounts and audited accounts submissions in 2019/20 as a result of the COVID pandemic. For the 2020/21 financial year, WG reinstated the normal draft accounts submission timescales, with the draft accounts to be submitted by noon on Friday 30th April but following representations from the Auditor General for Wales, the date for audited accounts was pushed back to Friday 11th June. For the 2021/22 financial year WG have retained the normal deadline for submission of the draft accounts which are required to be submitted by midday on Friday 29th April, but following further representations from Audit Wales have again extended the deadline for submission of the audited accounts to noon on 15th June 2022. This allows 18.5 working days for preparation of the accounts and 29.5 working days for audit of the accounts (excluding weekends and bank holidays).
- 2.7. As was the case for both the 2019/20 and 2020/21 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 and 2020/21 year-end accounts will be replicated as much as possible for the 2021/22 financial year.

Annual Accounts Task	Date for Completion
Issue debtor balances to other NHS Wales bodies	6th April 2022
Sign off date for agreement of NHS Wales debtors and creditors	11th April 2022
Finalise Health Board outturn financial position	12th April 2022
Close health board old year financial ledger	13th April 2022
Issue income transactions to other NHS Wales bodies	13th April 2022
Sign off date for agreement of NHS Wales income and expenditure	21st April 2022
Draft accounts available for senior finance team review	22nd April 2022
Submission of draft accounts	29th April 2022 (noon)
Submission of audited accounts	15 th June 2022 (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. 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 is unlikely to be possible. It is planned to discuss with Audit Wales at the meeting on 12th January 2022 the possibility of following the same process as employed in 2020/21 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 in the event that operational pressures due to COVID remain in place.
- 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. Initial information has been provided to WG by the NHS Pensions Agency of the number of staff who have taken up the option, but this data includes staff numbers for organisations that no longer exist and so at this stage is not robust. WG are in further discussions with the NHS Pensions Agency to source the names and SD numbers for these staff so that they can be correctly identified to organisations and a task and finish group has been set up by the all Wales Technical Accounting Group to work through the accounting treatment of any provision required in the 2021/22 year-end accounts. 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 employers pension contributions which is also being paid directly by Welsh Government.
- 3.5. Of concern, however, is the view of the Auditor General for Wales that any provision included within health board accounts for the cost of Scheme Pays will constitute irregular expenditure and lead to a qualification of the health board's accounts, with the qualification being in respect of the regularity opinion. This has been identified to Directors of Finance and is being discussed at a high level between WG and the Directors of Finance.
- 3.6. Following its deferral due in both 2020/21 and 2021/22 due to the COVID pandemic, International Financial Reporting standard (IFRS) 16 comes into effect on 1st April 2022. This standard effectively changes the accounting treatment of most leases from revenue transactions (off balance sheet) to capital transactions (on balance sheet) and will require a note in the accounts to identify the impact of this change. All health boards in Wales have been providing information on the impact of this accounting change to WG throughout 2021/22 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, which has been widely shared with staff across the health board.

- 3.7. The final risk to be managed through the accounts process is the impact of changes in the Finance Team preparing the accounts as a result of the potential change in staff roles as a result of the appointments to the revised staffing structure. The appointment to the Head of Accounting role will strengthen the team directly preparing the accounts notes and any other changes to roles directly affecting the preparation of accounts notes will be managed through detailed handover of tasks and specific training where required. The handover of tasks will be particularly key in the Deputy Director of Finance role as a result of the retirement of the current Deputy Finance Director in March 2022.
- 3.8. Prior to the meeting with Audit Wales on 12th January 2022 the health board is unaware of any changes to the Audit Wales team auditing the accounts in 2021/22.
- 3.9. As was the case for the 2020/21 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

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 January 2021.	
Appendices	There are no appendices to this report.	