



AGENDA ITEM

6.2

CTM BOARD

ANNUAL ACCOUNTS 2019-20

Date of meeting

29/06/2020

FOI Status

Open/Public

If closed please indicate reason

Not Applicable - Public Report

Prepared by

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Presented by

Steve Webster- Executive Director of Finance & Procurement

Approving Executive Sponsor

Executive Director of Finance & Procurement

Report purpose

FOR APPROVAL

Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)

Committee/Group/Individuals

Date

Outcome

Board Members and Audit & Risk Committee Via Email for comment

(15/06/2020)

NOTED

Audit & Risk Committee – Endorse for Board Approval

29/06/2020

OUTCOME WILL BE REPORTED BY THE CHAIR OF THE AUDIT & RISK COMMITTEE TO THE BOARD



ACRONYMS

CTM	Cwm Taf Morgannwg
UHB	University Health Board
WHSSC	Welsh Health Specialised Services Committee
WG	Welsh Government

1. SITUATION/BACKGROUND

- 1.1 The purpose of the report is to present the Annual Accounts for the financial year ended 31st March 2020, and request that these accounts be recommended to the Board for approval.
- 1.2 The draft Accounts were circulated prior to the Audit Committee meeting on 15th June to give an opportunity for any queries to be raised relating to their contents. There have been changes to the draft Accounts and an updated version is attached. The main changes to the draft Accounts are explained below.
- 1.3 It is important to note that the attached version of the Accounts is still subject to final audit comments and clearance. Any additional changes or comments by Audit will be discussed at the Audit Committee meeting.
- 1.4 The Wales Audit Office will provide a separate report on their findings.
- 1.5 The UHB Board will need to approve the Accounts at its meeting on 29th June. The Accounts and audit opinion are therefore presented to the Audit Committee to enable it to scrutinize on behalf of the Board and provide a recommendation to the Board as to their approval. The Audit Committee will also need to recommend approval by the Board of the letter of representation to the Auditors in accordance with regulatory requirements.

2. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING

- 2.1 The main changes to the CTM Accounts from the previously presented draft accounts are as follows:
- 2.2 **Changes that have impacted on the overall financial position.**

- Towards the end of the audit process an adjustment was made to remove five accruals with a total value of £793k from the line Non NHS accruals in **Note 18 (Page 50) Trade and other payables.**
- The first accrual was a legal claim for £235k which was greater than 1 year old at 31 March 2020. It was agreed that the outcome of this claim was now uncertain and that it should be removed from the balance sheet and included in **Note 21.1 (Page 54) Contingent liabilities.**
- The other four accruals all relate to balances that were greater than 1 year old at 31 March 2020. It was agreed that these items with a total value of £558k should also be removed from the balance sheet.
- These adjustments also resulted in changes to **Note 3.3 (Page 28) Expenditure on Hospital and Community Health Services** and **Note 9.1 (Page 32) Employee costs**, with similar adjustments feeding through into the Primary financial statements.
- **Note 2.1 (Page 25) Revenue Resource Performance** shows the amended under spend against Allocation from £90k to £883k

2.3 Changes that have no impact on the overall financial position

- **Note 3.1 (Page 27) Expenditure on Primary Healthcare Services**
– In recognition of the impact of COVID-19 on the number of prescriptions that were prescribed in March 2020, an additional non cash Allocation of £1.278m was received from the WG at the end of May 2020. This resulted in an increase in prescribed drugs and appliances shown in Note 3.1 and offset by an increase in revenue Resource Allocation of the same value in Note 2.1 (Page 25). The additional accrual is shown in Note 18 (Page 50) with similar adjustments feeding through into the Primary financial statements.
- **Note 9.6 (Page 34) Remuneration relationship** – The note was updated to show the banded remuneration of the highest paid director in addition to the Accounting Officer. Also the number of employees receiving remuneration in excess of the highest paid director was amended from 27 to 22.
- **Note 22 (Page 55) Capital commitments** – The figure was reduced by £662k due to reclaimable VAT identified during the audit.



- **Note 23 (Page 56) Losses and Special Payments** – An additional 2 clinical negligence cases were identified as paid out during the year amounting to £5.7m which related 2018-19 year end accruals. These are also identified in the note as cases exceeding £300k.
- **Note 30 (Page 65-CTM and Page 66-WHSSC) Related Party Transactions** - Some additional narrative and changes to narrative as a result of further disclosures of related party interests, including details of financial dealings with those related parties.
- **Note 32 (Pages 68-70) Pooled Budgets** – Information relating to the two former CTM Pooled budgets was not available at the draft submission stage. These figures have now been added, including prior year comparators. Figures in the Bridgend Integrated Community Services Pooled budget had been stated in the draft accounts in £'s. This has been adjusted to £'000s. As this has been transferred as a result of the Bridgend transfer, no prior year figures are available.
- Various additional narrative and disclosures were added as identified and agreed during the Audit process, including guidance from the WG.

3. KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

None noted.

4. IMPACT ASSESSMENT

Quality/Safety/Patient Experience implications	There are no specific quality and safety implications related to the activity outlined in this report.
Related Health and Care standard(s)	Governance, Leadership and Accountability
	If more than one Healthcare Standard applies please list below:



Equality impact assessment completed	Not required
Legal implications / impact	Yes (Include further detail below)
	Legal requirement to produce a set of accounts for each financial year, to be approved by the Board
Resource (Capital/Revenue £/Workforce) implications / Impact	Yes (Include further detail below)
	The accounts highlights the resources received and the use of those resources for 2019-20 in accordance with Welsh Government requirements
Link to Main Strategic Objective	To provide strong governance and assurance
Link to Main WBFG Act Objective	Provide high quality care as locally as possible wherever it is safe and sustainable

5. RECOMMENDATION

5.1 The Board is asked to:

- **APPROVE** the Annual Accounts for 2019-20, together with the letter of representation to the Auditors.