



AGENDA ITEM

5.1

AUDIT & RISK COMMITTEE

ANNUAL ACCOUNTS 2020-21

Date of meeting	09/06/2021
FOI Status	Open/Public
If closed please indicate reason	Not Applicable - Public Report
Prepared by	Owen James – Head of Corporate Finance
Presented by	Steve Webster- Executive Director of Finance & Procurement
Approving Executive Sponsor	Executive Director of Finance & Procurement
Report purpose	ENDORSE FOR BOARD APPROVAL

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

Committee/Group/Individuals	Date	Outcome
Audit & Risk Committee	17/05/2021	NOTED

ACRONYMS

CTM	Cwm Taf Morgannwg
UHB	University Health Board
WHSSC	Welsh Health Specialised Services Committee
EASC	Emergency Ambulance Services Committee
WG	Welsh Government
NWSSP	NHS Wales Shared Services Partnership



1. SITUATION/BACKGROUND

- 1.1 The purpose of the report is to present the Annual Accounts for the financial year ended 31st March 2021, and request that these accounts be recommended to the Board for approval.
- 1.2 The draft Accounts were circulated prior to the Audit & Risk Committee meeting on 17th May 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 & Risk Committee meeting.
- 1.4 The Wales Audit Office will provide a separate report on their findings.
- 1.5 The Board will need to approve the Accounts at its meeting on 9th June. The Accounts and audit opinion are therefore presented to the Audit & Risk Committee to enable it to scrutinize on behalf of the Board and provide a recommendation to the Board as to their approval. The Audit & Risk 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 (ASSESSMENT)

- 2.1 The main changes to the CTM Accounts from the previously presented draft accounts are as follows:
- 2.2 **To note, NO changes have impacted on the overall financial position.**
- 2.3 **Changes that have no impact on the overall financial position**
 - **Note 3.2 (Page 27) Good and Services from WHSSC / EASC** – As discussed at the Audit and Risk Committee in May a disclosure note has been added to highlight the funding that has been received by the Health Board from the Welsh Government and has been passed directly to WHSSC / EASC.

- **Note 8 (Page 31) Operating Leases** – As highlighted in the meeting in May, it was identified that an adjustment would be required for the minimum lease payments value under 'payments recognised as an expense'. The value has decreased from £7.9m to £4.9m.

The timing split for total future minimum lease payments payable has been amended to reflect additional lease identified and errors identified during early review.

- **Note 18 (Page 50) Trade and other payables** – Also highlighted in the May meeting was the requirement to amend the split of the classification of Local Authority and other payables. The resultant changes has led to the Local Authority payables value increase from £11.9m to £17.5m an increase of £5.6m. The other changes in classification as a result of this are, a decrease in Non-NHS accruals of £4.2m; a decrease in Non NHS creditors of £1.5m; and a small increase in other creditors of £0.1m.
- **Note 20 (Page 52) Timing of cash flows** - £4.2m has been moved from 'Between 1 April 2022 & 31 March 2026' to 'Thereafter'
- **Note 21 (Page 54) Scheme Pays contingent liability** – Wording for the contingent liability has been amended to reflect the update from the Welsh Government.
- **Note 27/28 (Page 63) Free issue Covid assets from NWSSP** - Welsh Government has requested that the value of assets received free of charge (value of £5.5m) is split between note 27 and 28. While the cash value is zero, the value of the free issue assets has been amended and is now shown within 'other adjustments' in note 27 and on line 'Covid assets received credited to revenue but non-cash' in note 28.
- **Note 30 (page 65 & 66) Related Party Transactions** - There have been a number of additions and amendments made to related party transactions following audit review.
- Various additional narrative and disclosures were added as identified and agreed during the Audit process, including guidance from the Welsh Government.
- In addition to the amendments made to the Health Board accounts, a number of changes have been made to the consolidated accounts following the audit of WHSSC draft accounts figures.

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

3.1 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 (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.	No (Include further detail below) A backwards looking financial report on the activities of the health board, therefore no equality impact assessment required.
Legal implications / impact	Yes (Include further detail below) The accounts highlights the resources received and the use of those resources for 2020-21 in accordance with Welsh Government requirements
Resource (Capital/Revenue £/Workforce) implications / Impact	There is no direct impact on resources as a result of the activity outlined in this report.
Link to Strategic Well-being Objectives	Ensure sustainability in all that we do, economically, environmentally and socially

5. RECOMMENDATION

5.1 The Audit & Risk Committee is asked to:

- **ENDORSE** for Board approval the Annual Accounts for 2020-21, together with the letter of representation to the Auditors.