

Annual Audit Report 2021 – Public Health Wales NHS Trust

Audit year: 2020-21

Date issued: December 2021

Document reference: [the Publishing team assigns this]

Purpose of this document

This document is a draft supplied in confidence solely for the purpose of verifying the accuracy and completeness of the information contained in it and to obtain views on the conclusions reached.

Handling prior to publication

This document and the copyright comprised therein is and remains the property of the Auditor General for Wales. It contains information which has been obtained by the Auditor General and Audit Wales under statutory functions solely to discharge statutory functions and has been prepared as the basis for an official document that may be issued or published in due course. It may also contain information the unauthorised disclosure of which may be an offence under section 54 of the Public Audit (Wales) Act 2004. Except as expressly permitted by law, neither the document nor any of its content may be reproduced, stored in a retrieval system and/or transmitted in any form or by any means, or disclosed to any person other than the original recipient without the prior written permission of Audit Wales. It must be safeguarded at all times to prevent publication or other improper use of its content. Unauthorised use or disclosure may result in legal proceedings. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

This document has been prepared for the internal use of Public Health Wales NHS Trust as part of work performed/to be performed in accordance with statutory functions.

The Auditor General has a wide range of audit and related functions, including auditing the accounts of Welsh NHS bodies, and reporting to the Senedd on the economy, efficiency and effectiveness with which those organisations have used their resources. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

© Auditor General for Wales 2021

No liability is accepted by the Auditor General or the staff of the Wales Audit Office in relation to any member, director, officer or other employee in their individual capacity, or to any third party in respect of this report.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

Summary report	
About this report	4
Key messages	5
Detailed report	
Audit of accounts	7
Arrangements for securing efficiency, effectiveness and economy in the use of resources	9
Appendices	
Appendix 1 – reports issued since my last annual audit report	14
Appendix 2 – audit fee	16
Appendix 3 – financial audit risks	18

Summary report

About this report

- 1 This report summarises the findings from my 2021 audit work at Public Health Wales NHS Trust (the Trust) undertaken to fulfil my responsibilities under the Public Audit (Wales) Act 2004. That Act requires me to:
 - examine and certify the accounts submitted to me by the Trust, and to lay them before the Senedd;
 - satisfy myself that expenditure and income have been applied to the purposes intended and are in accordance with authorities; and
 - satisfy myself that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 2 I report my overall findings under the following headings:
 - Audit of accounts
 - Arrangements for securing economy, efficiency and effectiveness in the use of resources
- 3 This year's audit work took place at a time when public bodies continued responding to the unprecedented challenges presented by the COVID-19 pandemic, whilst at the same time recovering services. My work programme was designed to best assure the people of Wales that public funds are well managed. I have considered the impact of the current crisis on both resilience and the future shape of public services. I aimed to ensure my work did not hamper public bodies in tackling the crisis, whilst ensuring it continued to support both scrutiny and learning. On-site audit work continues to be restricted, and we continued to work and engage remotely where possible through the use of technology. This inevitably had an impact on how we deliver audit work but has also helped to embed positive changes in our ways of working.
- 4 As was the case in 2020, the delivery of my audit of accounts work was not without its challenges, not only in how and where we undertook the work, but also in taking account of considerations for financial statements arising directly from the pandemic. The success in delivering it reflects a great collective effort by both my staff and the Trust's officers to embrace and enable new ways of working and remain flexible to and considerate of the many issues arising.
- 5 I have adjusted the focus and approach of my performance audit work to ensure its relevance in the context of the crisis and to enable remote working. My programme of work has provided focus on themes, lessons and opportunities relating to NHS governance and NHS staff wellbeing. I have reviewed the Test, Trace, Protect programme and the rollout of the COVID-19 vaccine. My local audit teams have commented on how governance arrangements have adapted to respond to the pandemic, and the impact the crisis has had on service delivery.

- 6 This report is a summary of the issues presented in more detailed reports to the Trust this year (see **Appendix 1**). I also include a summary of the status of planned work currently being re-scoped.
- 7 **Appendix 2** presents the latest estimate of the audit fee that I will need to charge to cover the costs of undertaking my work, compared to the original fee set out in the 2021 Audit Plan.
- 8 **Appendix 3** sets out the financial audit risks set out in my 2021 Audit Plan and how they were addressed through the audit.
- 9 The Chief Executive and the Deputy Chief Executive and Executive Director of Operations and Finance have agreed the factual accuracy of this report. We presented it to the Audit and Corporate Governance Committee on 20th January 2022. The Board will receive the report at a later Board meeting and every member will receive a copy. We strongly encourage the Trust to arrange its wider publication. We will make the report available to the public on the [Audit Wales website](#) after the Board have considered it.
- 10 I would like to thank the Trust's staff and members for their help and co-operation throughout my audit.

Key messages

Audit of accounts

- 11 I concluded that the Trust's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. My work did not identify any material weaknesses in the Trust's internal controls (as relevant to my audit). However, I placed an Emphasis of Matter paragraph in my report to draw attention to disclosures in the accounts in note 24 relating to the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government on senior clinicians' pensions.
- 12 I identified no material financial transactions within the Trust's 2020-21 accounts that were not in accordance with authorities or not used for the purpose intended, and so I have issued an unqualified opinion on the regularity of the financial transactions within the Trust's 2020-21 accounts.
- 13 The Trust achieved financial balance for the three-year period ending 31 March 2021. The Trust has an approved three-year plan in place. I placed a substantive report on the Trust's financial statements to set out further detail on the Emphasis of Matter paragraph that I included in my audit opinion.

Arrangements for securing efficiency, effectiveness and economy in the use of resources

14 My programme of Performance Audit work has led me to draw the following conclusions:

- the Test, Trace, Protect programme is making an important contribution to the management of COVID-19 in Wales. Whilst the programme struggled to cope with earlier peaks in virus transmission, it has demonstrated an ability to rapidly learn and evolve in response to the challenges it has faced.
- the COVID-19 vaccination programme in Wales has been delivered at significant pace with local, national and UK partners working together to vaccinate a significant proportion of the Welsh population. A clear plan is now needed for the challenges which lie ahead.
- all NHS bodies have maintained a clear focus on staff wellbeing throughout the pandemic and implemented a wide range of measures to support the physical health and mental wellbeing of their staff during the crisis. It is vital that these activities are built upon, and that staff wellbeing remains a central priority for NHS bodies as they deal with the combined challenges of recovering services, continuing to respond to the COVID-19 pandemic, and also managing seasonal pressures.
- the Trust has strong operational planning arrangements which have improved integration around its strategic priorities. The Trust's performance and assurance dashboard is a useful tool for management and Board scrutiny.
- the Trust is well-governed with a clear commitment to continuous improvement and embedding good governance across its business.
- The Trust manages its financial resources well and has good arrangements to monitor and report its financial activity

15 These findings are considered further in the following sections.

Detailed report

Audit of accounts

- 16 This section of the report summarises the findings from my audit of the Trust's financial statements for 2020-21. These statements are how the organisation shows its financial performance and sets out its net assets, net operating costs, recognised gains and losses, and cash flows. Preparing the statements is an essential element in demonstrating the appropriate stewardship of public money.
- 17 My 2021 Audit Plan set out the financial audit risks for the audit of the Trust's 2020-21 financial statements. **Exhibit 4 in Appendix 3** lists these risks and sets out how they were addressed as part of the audit.
- 18 My responsibilities in auditing the Trust's financial statements are described in my [Statement of Responsibilities](#) publications, which are available on the [Audit Wales website](#).

Accuracy and preparation of the 2020-21 financial statements

- 19 **I concluded that the Trust's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. My work did not identify any material weaknesses in the Trust's internal controls (as relevant to my audit), however, I placed an Emphasis of Matter paragraph in my report to draw attention to disclosures in the accounts relating to note 24 of the financial statements which describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government, instructing her to fund NHS Clinicians' pension tax liabilities incurred by NHS Wales bodies in respect of the 2019-20 financial year.**
- 20 I received the draft accounts in line with the deadline put in place by Welsh Government. We were provided with timely good quality working papers in electronic format.
- 21 I must report issues arising from my work to those charged with governance before I issue my audit opinion on the accounts. My Financial Audit Engagement Lead reported these issues to the Trust's Audit and Corporate Governance Committee on 07 June 2021. **Exhibit 1** summarises the key issues set out in that report.

Exhibit 1: issues identified in the Audit of Accounts Report

Issue	Auditors' comments
Uncorrected misstatements	<p>There was one uncorrected misstatement relating to the valuation of year-end stock balances relating to COVID-19 Testing Kits. Our work identified a difference between the stock value as per the financial statements and our recalculated stock value of approximately £0.278 million.</p>
Corrected misstatements	<p>There were several adjustments made to the draft accounts. These adjustments had no impact on the Trust's reported surplus.</p>
Other significant issues	<p>Emphasis of Matter Paragraph</p> <p>I placed an Emphasis of Matter paragraph in my audit report to draw attention to disclosures in the accounts relating to note 24 of the financial statements which describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government, instructing her to fund NHS Clinicians' pension tax liabilities incurred by NHS Wales bodies in respect of the 2019-20 financial year.</p> <p>Substantive Report</p> <p>I placed a substantive report on your accounts setting out the details of the Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government. In my opinion, any transactions included in the Trust's financial statements to recognise this liability would be irregular and material by their nature. This is because the payments are contrary to paragraph 5.6.1 of Management Welsh Public Money and constitute a form of tax planning which will leave the Exchequer, as a whole, worse off. The Minister's direction alone does not regularise the scheme. Furthermore, the arrangements are novel and contentious and potentially precedent setting.</p>

22 I also undertook a review of the Whole of Government Accounts return. I concluded that the counterparty consolidation information was consistent with the Trust's financial position at 31 March 2021 and the return was prepared in accordance with the Treasury's instructions.

Regularity of financial transactions

23 **I identified no material financial transactions within the Trust's 2020-21 accounts that were not in accordance with authorities or not used for the purpose intended, and so I have issued an unqualified opinion on the regularity of the financial transactions within the Trust's 2020-21 accounts.**

24 The Trust's financial transactions must be in accordance with the authorities that govern them. It must have the powers to receive the income and incur the expenditure. Our work reviews these powers and tests that there are no material elements of income or expenditure which the Trust does not have the powers to receive or incur.

25 **The Trust achieved financial balance for the three-year period ending 31 March 2021. The Trust has an approved three-year plan in place. I have the power to place a substantive report on the Trust's accounts alongside my opinions where I want to highlight issues. I placed a substantive report on the Trust's 2020-21 accounts to set out more detail on the Emphasis of Matter paragraph in my audit opinion.**

26 The Trust maintained its track record in achieving financial balance in 2020-21 and reported a surplus of £32,000 (surplus for 2019-20 of £42,000 and 2018-19 of £26,000). Hence the Trust met its financial duties to break even over the rolling three-year period 2018-19 to 2020-21. Due to the pandemic, the process for the 2020-23 Integrated Medium Term Plan (IMTP) was paused in spring 2020 and a temporary quarterly planning arrangement put in place for 2020-21. As a result, the extant planning duty for 2020-21 remained the requirement to submit and have approved a 2019-22 IMTP (instead of a 2020-23 IMTP), which was submitted by PHW and approved by the Minister for Health and Social Services in March 2019.

Arrangements for securing efficiency, effectiveness and economy in the use of resources

27 I have a statutory requirement to satisfy myself that the Trust has proper arrangements in place to secure efficiency, effectiveness and economy in the use of resources. I have undertaken a range of performance audit work at the Trust over the last 12 months to help me discharge that responsibility. This work has involved:

- examining how NHS bodies have responded to the challenges of delivering the Test, Trace, Protect programme.
- reviewing how well the rollout of the COVID-19 vaccination programme was progressing.
- reviewing how NHS bodies supported staff wellbeing during the COVID-19 pandemic.
- undertaking a phased structured assessment of the Trust's corporate arrangements for ensuring that resources are used efficiently, effectively and economically.

28 My conclusions based on this work are set out below.

Test, Trace, Protect programme

29 My work examined how public services responded to the challenges of delivering the Welsh Government's Test, Trace, Protect Programme (TTP). As well as commenting on the delivery of TTP up to and including December 2020, my report set out some key challenges and opportunities that will present themselves as part of the ongoing battle to control COVID-19.

30 I found that the different parts of the Welsh public and third sector had worked together well together to rapidly build the TTP programme. The configuration of the system blended national oversight and technical expertise with local and regional ownership of the programme, and the ability to use local intelligence and knowledge to shape responses.

31 Arrangements for testing and contact tracing have evolved as the pandemic has progressed. But maintaining the required performance in these arrangements proved challenging in the face of increasing demand.

32 Despite increased testing and tracing activity, the virus continued to spread, and as in other parts of the UK and internationally, testing and tracing have needed to be supplemented with local and national lockdown restrictions in an attempt to reduce transmission rates.

33 While a range of support mechanisms exist, it remains difficult to know how well the 'protect' element of TTP has been working in supporting people to self-isolate.

COVID-19 vaccination programme

34 In June 2021, I published the findings from my initial review of the rollout of the COVID-19 vaccination programme in Wales. My work considered the factors that affected the rollout and future challenges and opportunities.

35 I found that the vaccine programme has been delivered at significant pace. At the time of reporting, vaccination rates in Wales were the highest of the four UK nations, and some of the highest in the world. The milestones in the Welsh

Government's vaccination strategy provided a strong impetus to drive the programme and up to the time of reporting, the key milestones had been met.

- 36 The UK's Joint Committee on Vaccination and Immunisation guidance on priority groups was adopted but the process of identifying people within some of those groups has been challenging.
- 37 The organisations involved in the rollout have worked well to set up a range of vaccination models which make the best use of the vaccines available, while also providing opportunities to deliver vaccines close to the communities they serve.
- 38 Overall vaccine uptake to the time of reporting was high, but there was a lower uptake for some ethnic groups and in the most deprived communities. At the time of the audit, vaccine wastage was minimal, but concerns were emerging about non-attendance at booked appointments.
- 39 The international supply chain is the most significant factor affecting the rollout, with limited vaccine stock held in Wales. However, increasing awareness of future supply levels was allowing health boards to manage the vaccine rollout effectively.
- 40 As the programme moved into the second half of 2021, challenges presented themselves around encouraging take-up amongst some groups, vaccine workforce resilience and venue availability. I identified the need for a longer-term plan to address these and other elements of the ongoing vaccination programme.

How NHS bodies supported staff wellbeing during the COVID-19 pandemic

- 41 My review considered how NHS bodies in Wales have supported the wellbeing of their staff during the pandemic, with a particular focus on their arrangements for safeguarding staff at higher risk from COVID-19.
- 42 NHS staff have shown tremendous resilience and dedication throughout the pandemic, despite facing huge strains to their mental and physical health.
- 43 The NHS in Wales was already facing a number of challenges relating to staff wellbeing prior to the pandemic, and the crisis has highlighted the importance of supporting the mental and physical health of the NHS workforce. Through my Structured Assessment work, I found that NHS bodies moved quickly at the beginning of the pandemic to enhance wellbeing initiatives to support staff through unprecedented times. As the pandemic unfolded, I found that NHS bodies in Wales implemented a range of measures to improve staff wellbeing, such as creating dedicated rest spaces, increasing mental health and psychological wellbeing provision, enhancing infection and prevention control measures, and enabling remote working.
- 44 My work also looked at how NHS bodies in Wales protected staff at higher risk from COVID-19. Amongst other safeguarding initiatives, I found that all bodies rolled out the All-Wales COVID-19 Workforce Risk Assessment Tool which identifies those at a higher risk and encourages a conversation about additional

measures to be put in place to ensure staff are adequately protected. Although NHS bodies promoted and encouraged staff to complete the assessment tool, completion rates varied between NHS bodies.

- 45 While the crisis has undoubtedly had a considerable impact on the wellbeing of staff in the short term, the longer-term impacts cannot be underestimated.
- 46 With a more emotionally and physically exhausted workforce than ever, NHS bodies in Wales must maintain a focus on staff wellbeing and staff engagement to navigate through the longer-term impacts of the crisis. My report, therefore, is accompanied by a checklist which sets out some of the questions NHS Board members should be asking to ensure their health bodies have good arrangements in place to support staff wellbeing.

Structured assessment

- 47 My structured assessment work was designed in the context of the ongoing response to the pandemic. I ensured a suitably pragmatic and relevant approach to help me discharge my statutory responsibilities, whilst minimising the impact on NHS bodies as they continue to respond to the pandemic. My team undertook the work into two phases this year:
- Phase 1 considered the planning arrangements underpinning the development and delivery of the operational plan for quarters three and four of 2020-21.
 - Phase 2 considered how corporate governance and financial management arrangements adapted over the year. Auditors also paid attention to progress made to address previous recommendations.

Operational planning arrangements

- 48 My work considered the Trust's planning arrangements underpinning the operational plan for quarters three and four of 2020-21. The planning framework covered the maintenance of effective and efficient operational planning arrangements in health bodies to guide their response to the pandemic as well as responding to winter pressures and laying the foundations for effective recovery of services.
- 49 My work found that **the Trust has strong operational planning arrangements which continue to improve.**
- 50 The Trust's operational plans are based on financial and workforce modelling, effective engagement with stakeholders and its Board. The Trust adapted its plans to reflect its COVID-19 response and is currently reviewing its long term strategy to determine whether its priorities and mechanisms for achieving them are still relevant. Planning structures and process provide an integrated approach to operational planning whilst clear information and reporting mechanisms ensure performance is reported effectively.

Governance arrangements

- 51 My work considered the Trust's ability to maintain sound governance arrangements while having to respond to the unprecedented challenges presented by the pandemic. The key focus of the work has been the corporate arrangements for ensuring that resources are used efficiently, effectively, and economically. We also considered how business deferred in 2020 was reinstated and how learning from the pandemic is shaping future arrangements for ensuring continued good governance and recovery.
- 52 My work found that **the Trust is well-governed with a clear commitment to continuous improvement and embedding good governance across its business.**
- 53 The Trust has good governance arrangements which adapted well to the pandemic. It regularly reviews and adapts its approach and has retained elements of its COVID-19 governance arrangements that worked well. The quality and presentation of information at Board and committees is good and we observed robust scrutiny in meetings.

Managing financial resources

- 54 I considered the Trust's financial performance, financial controls and arrangements for monitoring and reporting financial performance. I found that **the Trust manages its financial resources well and has good arrangements to monitor and report its financial activity.**
- 55 The Trust has good governance arrangements to manage its financial resources and continues to meet its financial duty to break even over a three year rolling period. Financial controls are effective and the Trust uses clear, timely information to monitor and report its performance.

Appendix 1

Reports issued since my last annual audit report

Exhibit 2: reports issued since my last annual audit report

The following table lists the reports issued to the Trust in 2021.

Report	Date
Financial audit reports	
Audit of Accounts Report	June 2021
Opinion on the Financial Statements	June 2021
Audit of Accounts Report – Addendum	January 2022
Performance audit reports	
Doing it Differently, Doing it Right? (Structured Assessment 2020 All-Wales themes, lessons and opportunities relating to NHS governance during COVID-19)	January 2021
Test, Trace, Protect in Wales: An Overview of Progress to Date	March 2021
Rollout of the COVID-19 vaccination programme in Wales	June 2021
Taking care of the carers? (Structured Assessment 2020 All-Wales themes, lessons and opportunities relating to NHS staff wellbeing during COVID-19)	October 2021
Structured Assessment 2021: Phase 1 Operational Planning Arrangements	September 2021

Report	Date
Structured Assessment 2021: Phase 2 Corporate Governance and Financial Management Arrangements	December 2021
Other	
2021 Audit Plan	March 2021

My wider programme of national value for money studies in 2021 included reviews that focused on the NHS and pan-public-sector topics. These studies are typically funded through the Welsh Consolidated Fund and are presented to the Public Accounts Committee to support its scrutiny of public expenditure. Reports are available on the [Audit Wales website](#).

Exhibit 3: performance audit work still underway

There are a number of performance audits that are still underway at the Trust. These are shown in the following table, with the estimated dates for completion of the work.

Report	Estimated completion date
Review of quality governance arrangements	February 2022
Review of the Trust's process for reviewing its well-being objectives	Autumn 2022

DRAFT

Appendix 3

Audit fee

The 2021 Audit Plan set out the proposed audit fee of £159,508 (excluding VAT). My latest estimate of the actual fee, (on the basis that some work remains in progress) is in keeping with the fee set out in the Audit Plan.

Financial audit risks

Exhibit 4: financial audit risks

My 2021 Audit Plan set out the financial audit risks for the audit of the Trust's 2020-21 financial statements. The table below lists these risks and sets out how they were addressed as part of the audit.

Audit risk	Proposed audit response	Work done and outcome
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	My audit team proposed to: <ul style="list-style-type: none">• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;• review accounting estimates for bias; and• evaluate the rationale for any significant transactions outside the normal course of business.	My audit team considered the risk factors set out in ISA240 and completion of our audit work did not identify any evidence of management override of controls.
NHS Trusts have a financial duty to break even over a three-year rolling period. Although the Trust is forecasting a break-even position for year-end, this duty increases the risk that management	My audit team proposed to focus its testing on areas of the financial statements which could contain reporting bias.	My audit team considered the areas of the accounts more likely to contain reporting bias and reviewed: <ul style="list-style-type: none">• accounting estimates, judgments and

Audit risk	Proposed audit response	Work done and outcome
<p>judgements and estimates included in the financial statements could be biased in an effort to achieve the financial duty. Where the Trust fails this financial duty, we will place a substantive report on the financial statements highlighting the failure.</p>		<p>decisions made by management for bias;</p> <ul style="list-style-type: none"> • creditors for unrecorded liabilities; and • debtors for overstatement of income due. <p>No matters arose from the work carried out.</p>
<p>The COVID-19 national emergency continues and the pressures on staff resource and of remote working may impact on the preparation and audit of accounts. There is a risk that the quality of the accounts and supporting working papers may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>My audit team proposed to:</p> <ul style="list-style-type: none"> • continue working closely with the finance department and Internal Audit to assess the impact COVID-19 has had on your internal control environment; • monitor the planning and implementation of your account preparation and quality assurance processes; and • raise any identified weaknesses at the earliest stage so that these can be mitigated ahead of the account preparation deadlines. 	<p>My audit team reviewed:</p> <ul style="list-style-type: none"> • the Trust's control environment; • internal audit reports; • the accounts closedown process <p>No matters arose from the work carried out.</p>
<p>The increased funding streams and expenditure in 2020-21 to deal with the COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and</p>	<p>My audit team proposed to identify the key issues and associated risks and plan the work to obtain the assurance needed for the audit.</p>	<p>My audit team:</p> <ul style="list-style-type: none"> • reviewed and tested the increased levels of income and expenditure to deal with the COVID-19 pandemic;

Audit risk	Proposed audit response	Work done and outcome
<p>approach to our audit. Examples of issues include fraud, error and regularity risks of additional spend; valuation of year-end inventory; and estimation of annual leave balances.</p>		<ul style="list-style-type: none"> • attended post year end inventory count; and • reviewed accounting estimates relating to COVID-19 <p>Work completed identified a difference between the stock value as per the financial statements and our recalculated stock value of approximately £0.278 million. I reported this in my Audit of Accounts Report as an uncorrected misstatement in the financial statements.</p>
<p>The implementation of the 'scheme pays' initiative in respect of the NHS pension tax arrangements for clinical staff is ongoing. Last year we included an Emphasis of matter paragraph in the audit opinion drawing attention to your disclosure of the contingent liability. However, if any expenditure is made in-year, we would consider it to be irregular as it contravenes the requirements of Managing Public Monies.</p>	<p>My audit team proposed to review the evidence one year on around the take up of the scheme and the need for a provision, and the consequential impact on the regularity opinion.</p>	<p>My audit team reviewed the evidence available and the disclosures made in the financial statements. I placed an Emphasis of Matter paragraph in my audit report to draw attention to disclosures in the accounts relating to Note 24 of the financial statements which describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government. I placed a substantive report on your accounts setting out the details of the Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government. In my opinion, any transactions included in the Trust's</p>

Audit risk	Proposed audit response	Work done and outcome
		financial statements to recognise this liability would be irregular and material by their nature.

DRAFT



Audit Wales
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500
Fax: 029 2032 0600
Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and
telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.