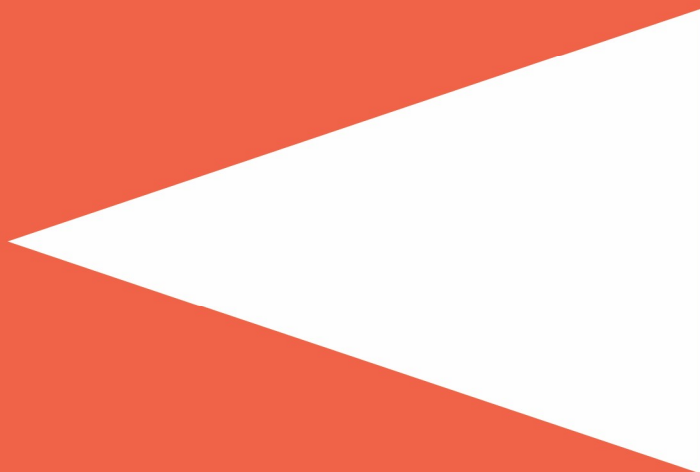


Audit of Accounts Report – Public Health Wales NHS Trust

Audit year: 2020-21

Date issued: June 2021

Document reference:



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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

We intend to issue an unqualified audit report on your Accounts with an Emphasis of Matter Paragraph drawing attention to a disclosure in your accounts and a substantive report providing further detail. There are some issues to report to you prior to their approval.

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2020-21 accounts in this report.
- 2 We have already discussed these issues with the Deputy Chief Executive and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £2.156m for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Senior Officer Remuneration - £5,000
 - Related Parties - £10,000
- 6 We have now substantially completed this year's audit but the following work is outstanding:
 - final stage review;
 - review of the revised financial statements;
 - review of events after the balance sheet date.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this Year's Audit

- 8 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 9 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

Exhibit 1 – impact of COVID-19 on this year’s audit

<p>Timetable</p>	<ul style="list-style-type: none"> • We received the draft accounts on 30 April 2021 which was in line with the deadline put in place by Welsh Government. • The deadline for submitting your audited accounts to the Welsh Government is 11 June 2021, two and a half weeks earlier than last year. • We expect the Auditor General to certify his audit report on 15 June 2021 and for your accounts to be laid before the Senedd, alongside all of the other accounts of NHS Wales, on 16 June 2021.
<p>Electronic signatures</p>	<p>If still necessary at the time of approval and signing, we will accept electronic signatures and electronic transfer of files. We anticipate that your audit report will be signed electronically.</p>
<p>Audit evidence</p>	<p>As in previous years, we received the majority of audit evidence in electronic format. We have used various techniques to ensure its validity. Where we have been unable to obtain access to paper documents because of Covid-19 restrictions, we have devised alternative audit methodologies to obtain sufficient audit evidence. Specifically:</p> <ul style="list-style-type: none"> • PHW officers provided electronic working papers in accordance with our agreed Audit Deliverables Report; • PHW officers provided audit evidence to the audit team through file sharing via Microsoft Teams; and <p>Audit Wales also secured remote read only access to the PHW Oracle ledger which enabled the audit team to query the ledger and hence reduce the burden on PHW officers to provide this information.</p>
<p>Other</p>	<ul style="list-style-type: none"> • PHW officers were available by video conferencing for discussions which enabled the audit team to correspond effectively with PHW officers throughout the audit; • Video conference based PHW Audit and Corporate Governance Committee meetings have enabled us to proficiently discharge our responsibility for reporting to those charged with governance. • However, we were unable to attend the stock take for testing kits in March 2021 but put revised procedures in place to attend a stock take on 27 May 2021. There is further commentary on our findings relating to the stock balance in paragraph 15 of this report.

- 10 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

Proposed Audit Opinion

- 11 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 12 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 13 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 14 Our proposed audit opinion and report is set out in **Appendix 2**. This audit opinion includes an emphasis of matter paragraph. The aim of this paragraph is to draw the attention of the reader of the accounts to Note 24 in the financial statements. This note 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 bodies. The Trust has disclosed the existence of a contingent liability at 31 March 2021, and my opinion is not modified in respect of this matter.

Significant Issues arising from the Audit

Uncorrected misstatements

- 15 We set out below the misstatement we identified in the accounts, which has been discussed with management but remains uncorrected. We are required to request that this is corrected. However, If you decide not to correct this misstatement, we ask that you provide us with your reason for not doing so in your letter of representation.
- **Covid-19 Testing Kit Stock valuation** – where the year-end stock balance is material, we are required to attend a stock take as part of our evidence gathering procedures. Due to our policy to follow Welsh Government restrictions relating to Covid 19 we were unable to attend the stock take for Covid 19 testing kits on 12 March 2021. The 31 March 2021 stock valuation for these testing kits amounted to £8.367m.

With a relaxation in government restrictions, we were able to attend an additional stock take on 27 May 2021 and undertook work to reconcile that value back to the 31 March value in your accounts. Our work identified a

difference between the stock value as per the financial statements and our recalculated stock value of approximately £0.278m.

We have been advised that:

- Following quality assurance there is always a need to rerun some samples with inconclusive results. These are recorded as one test but will use additional kits.
- a small element of stock was in use at the time of the stock take and was not included in the 27 May count.

These reasons will explain some of the difference, however we have sufficient assurance to conclude that the stock balance is not materially misstated.

Corrected misstatements

- 16 There were some misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

Other Significant Issues arising from the Audit

- 17 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There was one issue arising this year as shown in **Exhibit 2**:

Exhibit 2 – significant issues arising from the audit

<p>Emphasis of matter – Clinicians’ Pension Tax Liabilities</p>	<p>Within the Audit Report we draw attention 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. The opinion is not modified in respect of this matter.</p>
<p>Substantive report - Clinicians’ Pension Tax Liabilities</p>	<p>All NHS bodies will be held harmless for the impact of the Ministerial Direction however the Auditor General’s opinion is that 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 Managing Welsh Public Money and constitute a form of tax</p>

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.

Although this is not a new issue the Auditor General has this year decided to place a substantive report on your accounts (and those of other NHS bodies) setting out the detail.

Recommendations

- 18 We have included the most significant issues arising from our audit in this report. Other less significant issues will be reported to the Trust in a separate report which will be presented to the Audit and Corporate Governance Committee scheduled for the Autumn 2021.

Appendix 1

Final Letter of Representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Public Health Wales NHS Trust for the year ended 31st March 2021 for the purpose of expressing an opinion on their truth and fairness, their proper preparation and the regularity of income and expenditure.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

As Chief Executive and Accountable Officer I have fulfilled my responsibility for:

- Preparing the financial statements in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, I am required to:
 - observe the accounts directions issued by Welsh Ministers/HM Treasury, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
 - make judgements and estimates on a reasonable basis;
 - state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
 - prepare them on a going concern basis on the presumption that the services of Public Health Wales will continue in operation.
- Ensuring the regularity of any expenditure and other transactions incurred.
- The design, implementation and maintenance of internal control to prevent and detect error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Public Health Wales NHS trust and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.
- our knowledge of all possible and actual instances of irregular transactions.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

Appendix 1

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

Audit Wales did not attend the year-end stock take. To gain assurance on the stock balance, we have worked together to count stock during May and calculate the balance back to 31st March 2021 based on the number of tests carried out on the main testing platform. There are a number of variables which means reconciling back exactly to the year-end stock figure is difficult. We have not adjusted the stock balance due uncertainty of the exact figure to adjust for. Wastage of stock may vary due to test verification and validation and retesting of samples. In addition, stock in-use at the time of the stock take was not taken into consideration. Audit Wales are agreement that this is not a material misstatement.

In note 3 Revenue from patient care activities and note 4 Other operating revenue, for 2019-20, Welsh Government revenue has been restated. This has been done to ensure revenue received from Welsh Government for our hosted organisations is reported separately in accordance with the Manual for Accounts. The movement is an increase in revenue to note 3 of £11.153m and a corresponding decrease to revenue in note 4 of £11.153m.

In note 13 Property, Plant and Equipment, for 2019-20, asset categories Plant & Machinery and Transport Equipment have been restated. This has been done to improve the accuracy of the category of assets reported. The net book value movement totals £2.2m (increase to Plant & Machinery and decrease to Transport Equipment).

Representations by the Board of Public Health Wales NHS Trust

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Board on 10th June 2021.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Chief Executive

Date:

Chair of the Trust

Date:

Appendix 2

Proposed Audit Opinion and Report

The Certificate of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the financial statements of Public Health Wales NHS Trust for the year ended 31st March 2021 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement and the Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Public Health Wales NHS Trust as at 31st March 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the trust in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Emphasis of Matter

I draw attention 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. My opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Chief Executive is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report and the Accountability Report has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Trust and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report, Accountability Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

Appendix 2

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages ... and ..., the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the audited entity's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Public Health Wales NHS Trust's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and (add as appropriate to the audit);
- Obtaining an understanding of Public Health Wales NHS Trust's framework of authority as well as other legal and regulatory frameworks that the Public Health Wales NHS Trust operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Public Health Wales NHS Trust;

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Public Health Wales NHS Trust's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Please see my Report on pages x to y.

Adrian Crompton
Auditor General for Wales
15 June 2021

24 Cathedral Road
Cardiff

Appendix 2

Report of the Auditor General to the Senedd

Introduction

Under the Public Audit Wales Act 2004, I am responsible for auditing, certifying and reporting on Public Health Wales NHS Trust's (the Trust's) financial statements. I am reporting on these financial statements for the year ended 31 March 2021 to draw attention to a key matter for my audit. This relates to the implications of the ministerial direction on senior clinicians' pensions. I have not qualified my 'true and fair' opinion in respect of this matter.

Ministerial direction on senior clinicians' pensions

NHS Pension scheme and pension tax legislation is not devolved to Wales. HM Treasury's changes to the tax arrangements on pension contributions in recent years included the reduction in the Annual Allowance limit from over £200k in 2011-12 to £40k in 2018-19. As a result, in cases where an individual's pension contributions exceed certain annual and / or lifetime pension contribution allowance limits, then they are taxed at a higher rate on all their contributions, creating a sharp increase in tax liability.

In a Written Statement on 13 November 2019, the Minister for Health and Social Services had noted that NHS Wales bodies were: 'regularly reporting that senior clinical staff are unwilling to take on additional work and sessions due to the potentially punitive tax liability'. In certain circumstances this could lead to additional tax charges in excess of any additional income earned.

On 18 December 2019, the First Minister (mirroring earlier action by the Secretary of State for Health and Social Care for England) issued a Ministerial Direction to the Permanent Secretary to proceed with plans to commit to making payments to clinical staff to restore the value of their pension benefits packages. If NHS clinicians opted to use the 'Scheme Pays' facility to settle annual allowance tax charges arising from their 2019-20 NHS pension savings (i.e. settling the charge by way of reduced annual pension, rather than by making an immediate one-off payment), then their NHS employers would meet the impact of those tax charges on their pension when they retire.

The Ministerial Direction was required because this solution could be viewed by HMRC to constitute tax planning and potentially tax avoidance, hence making the expenditure irregular. Managing Welsh Public Money (which mirrors its English equivalent) specifically states that 'public sector organisations should not engage in...tax evasion, tax avoidance or tax planning'.

A Ministerial Direction does not make regular what would otherwise be irregular, but it does move the accountability for such decisions from the Accounting Officer to the Minister issuing the direction.

The solution applies only to annual allowance tax charges arising from an increase in the benefits accrued in the NHS Pension Scheme during the tax year ended 5 April 2020. For the tax year ended 5 April 2021, the Chancellor increased the thresholds for the tapered annual allowance and, as a result, it is anticipated that the risk to the supply of clinical staff has been mitigated.

The Trust currently has insufficient information to calculate and recognise an estimate of the potential costs of compensating senior clinical staff for pension benefits that they would otherwise have lost, by using the 'Scheme Pays' arrangement. As a result no expenditure is recognised in the financial statements but as required the Trust has disclosed a contingent liability in note 24 of its financial statements.

All NHS bodies will be held harmless for the impact of the Ministerial Direction, however 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 Managing 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.

I have not modified my regularity opinion in this respect this year because as set out above, no expenditure has been recognised in the year ended 31 March 2021. I have however placed an Emphasis of Matter paragraph in my audit report to highlight this issue and, have prepared this report to bring the arrangement to the attention of the Senedd.

Adrian Crompton

Auditor General for Wales

15 June 2021

Appendix 3

Summary of Corrections Made

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. These amendments however have no impact on the year end surplus for the Trust.

Exhibit 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
Change in Salary Bandings	Remuneration and Staff Report. Adjustments for one individual (current year and prior period restatement) to reflect a backdated pay award approved by the Welsh Government in May 2021	To comply with the requirements of the Manual for Accounts and ensure disclosures are accurate.
£1.5m	Note 3 – Revenue from Patient Care Activities. Note 4 – Other Operating Revenue. Reclassification of revenue income relating to Hosted Services (Finance Delivery Unit and NHS Wales Health Collaborative). There has also been an adjustment of £1.8m made to the prior year figures.	To comply with the requirements of the Manual for Accounts and ensure disclosures are accurate.
£2.6 million	Note 4 – Other Operating Revenue Note 5 – Operating Expenses An increase to revenue (Note 4) and expenditure (Note 5) to reflect the value of Covid testing kits	To comply with the requirements of the Manual for Accounts and ensure disclosures are accurate.

	provided to Public Health Wales by the Department of Health and Social Care.	
£5.8 million	<p>Note 13 – Property, Plant and Equipment £5,8m of additions reclassified from ‘Transport Equipment’ to ‘Plant and Machinery’</p> <p>Consequently, a prior period restatement was made for assets reclassified from ‘Transport Equipment’ to ‘Plant and Machinery’ with £2.2m Net Book Value</p>	To comply with the requirements of the Manual for Accounts and ensure disclosures are accurate.
Narrative	<p>Note 24 – Contingent Liabilities Inclusion of additional narrative to disclose the potential liability resulting from the ministerial direction to the Welsh Government to fund pension tax liabilities above the pension savings annual allowance threshold</p>	To comply with the requirements of the Manual for Accounts and ensure disclosures are accurate.
£13,000	<p>Note 33 - Related Party Transactions Additional transactions included for one related party.</p>	To comply with the requirements of the Manual for Accounts and ensure disclosures are accurate.
Narrative, presentational and minor amendments	<p>Various: A number of other narrative, presentational and minor amendments were made to supporting</p>	To ensure that all disclosures are accurately presented.

Appendix 3

notes throughout the final financial statements and the annual report.

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