

Annual Audit Report 2023 – Public Health Wales NHS Trust

Audit year: 2022-23

Date issued: January 2024

Document reference: 4002A2024

This document has been prepared as part of work performed in accordance with statutory functions.

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 Audit Wales 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 8

Appendices

Appendix 1 – reports issued since my last annual audit report 16

Appendix 2 – audit fee 18

Appendix 3 – audit of accounts risks 19

Summary report

About this report

- 1 This report summarises the findings from my 2023 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 NHS bodies were still responding to the legacy of the COVID-19 pandemic as they look to recover and transform services and respond to the additional demand in the system that has built up during the pandemic. Furthermore, health bodies were also dealing with a broader set of challenges associated with the cost-of-living crisis, the climate emergency, inflationary pressures on public finances, workforce shortages, and an ageing estate. My work programme, therefore, was designed to best assure the people of Wales that public funds are well managed.
- 4 I aimed to ensure my work did not hamper public bodies in tackling the post-pandemic challenges they face, whilst ensuring it continued to support both scrutiny and learning. We largely continued to work and engage remotely where possible using technology, but some on-site audit work resumed where it was safe and appropriate to do so. This inevitably had an impact on how we deliver audit work but has also helped to embed positive changes in our ways of working.
- 5 The delivery of my audit of accounts work has continued mostly remotely. Auditing standards were updated for 2022-23 audits which resulted in some significant changes in our approach. The specific changes were discussed in detail in my 2023 Audit Plan. The audited accounts submission deadline was extended to 31 July 2023. The financial statements were certified on 31 July 2023, meaning the deadline was met. This reflects a great collective effort by both my staff and the Trust's officers.
- 6 I also adjusted the focus and approach of my performance audit work to ensure its relevance in the context of the post-pandemic challenges facing the NHS in Wales. I have commented on how NHS Wales is tackling the backlog of patients waiting for orthopaedic treatments. I have also published an NHS Workforce Data Briefing that brings together a range of metrics and trends to help illustrate the challenges

that need to be gripped locally and nationally. The data briefing complements my assessments of how the workforce planning arrangements of individual NHS bodies are helping them to effectively address current and future workforce challenges. My local audit teams have commented on the governance arrangements of individual bodies, as well as how they are responding to specific local challenges and risks. My performance audit work is conducted in line with INTOSAI auditing standards¹.

- 7 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 work still underway, but not yet completed.
- 8 **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 2023 Audit Plan.
- 9 **Appendix 3** sets out the audit of accounts risks set out in my 2023 Audit Plan and how they were addressed through the audit.
- 10 The Chief Executive, Director of Finance and Board Secretary have agreed the factual accuracy of this report. We presented it to the Audit and Corporate Governance Committee on 29 January 2024. 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.
- 11 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

- 12 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 internal controls (as relevant to my audit) however I brought some issues to the attention of officers and the Audit and Corporate Governance Committee for improvement.
- 13 I identified no material financial transactions within the Trust's 2022-23 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 2022-23 accounts.

¹ INTOSAI (International Organisation of Supreme Audit Institutions) is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

14 I placed no substantive report alongside my opinion this year as there were no issues to report.

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

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

- The Trust has a reasonable approach to recovering its screening services with generally good oversight arrangements in place. The Trust has been able to recover its Abdominal Aortic Aneurysm (AAA) screening programme but recovering breast and diabetic eye screening programmes is a continuing challenge. In June 2023, the backlogs were almost 41,000 in the breast screening programmes and over 81,000 in the diabetic eye screening programme.
- From an all-Wales perspective, despite an increasing NHS workforce, there remain vacancies in key areas, high sickness and staff turnover resulting in over-reliance on agency staffing. More positively, NHS Wales is becoming a more flexible and equal employer.
- The Trust is in the early stages of improving its strategic approach to workforce planning and must now focus on improving its workforce intelligence and understanding the impact of its workforce initiatives.
- The Trust has effective arrangements to ensure good governance, with sound approaches in place to develop and monitor its plans and manage its finances. Opportunities exist to improve the timeliness of committee meetings and further strengthen some of the Trust's corporate systems of assurance.

16 These findings are considered further in the following sections.

Detailed report

Audit of accounts

- 17 Preparing annual accounts is an essential part of demonstrating the stewardship of public money. The accounts show the organisation’s financial performance and set out its net assets, net operating costs, gains and losses, and cash flows. My annual audit of those accounts provides an opinion on both their accuracy and the proper use (‘regularity’) of public monies.
- 18 My 2023 Audit Plan set out the key risks for audit of the accounts for 2022-23 and these are detailed along with how they were addressed in **Appendix 3 Exhibit 4**.
- 19 My responsibilities in auditing the accounts are described in my [Statement of Responsibilities](#) publications, which are available on the [Audit Wales website](#).

Accuracy and preparation of the 2022-23 accounts

- 20 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 internal controls (as relevant to my audit) however I brought some issues to the attention of officers and the Audit and Corporate Governance Committee for improvement.
- 21 The Trust submitted their draft accounts within the required deadline. The accounts, and supported working papers, were of good quality, and officers of the Trust provided us with an appropriate level of support and engagement to enable us to complete the audit on a timely basis.
- 22 I must report issues arising from my work to those charged with governance (the Audit and Corporate Governance Committee) for consideration before I issue my audit opinion on the accounts. My audit team reported these issues on 12 July 2023. **Exhibit 1** summarises the key issues set out in that report.

Exhibit 1: issues reported to the Audit Committee

Issue	Auditors’ comments
Uncorrected misstatements	There are no misstatements identified in the accounts, which remain uncorrected.
Corrected misstatements	There were a number of adjustments to the financial statements, including one material misstatement in respect of the classification between non-NHS trade payables and non-NHS accruals, which was corrected and had no impact on the bottom line.

Issue	Auditors' comments
Other significant issues	There were no significant issues.

23 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 on 31 March 2023 and the return was prepared in accordance with the Treasury's instructions.

Regularity of financial transactions

24 The Trust's financial transactions must be in accordance with the authorities that govern them. It must have the powers to receive income and incur 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 I identified no material financial transactions within the Trust's 2022-23 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 2022-23 accounts.

26 I placed no substantive report on the accounts alongside my opinion this year as there were no issues to report.

27 I have the power to place a substantive report on the Trust's accounts alongside my opinions where I want to highlight issues. Where the Trust fails one of its financial duties - to break-even over a three-year period and to have an approved three-year plan in place - or my opinion is qualified, I will issue a substantive report.

28 The Trust met its financial duties for 2022-23, reporting a small surplus of £85,000 at the end of the financial year. The Trust also achieved its statutory financial duty to achieve break-even over a three-year rolling period 2020-23, reporting an overall three-year surplus of £260,000. As a result, my opinions were unqualified, so I did not issue a such a report.

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

29 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:

- reviewing the effectiveness of the Trust's approach to recovering its Abdominal Aortic Aneurysm (AAA), breast and diabetic eye screening programmes;
- publishing an NHS Workforce Data Briefing that brings together a range of metrics and trends to help illustrate the challenges that need to be gripped locally and nationally;
- reviewing the effectiveness of the Trust's workforce planning arrangements; and
- undertaking a structured assessment of the Trust's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically.

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

Screening recovery arrangements

31 My work considered whether the Trust has taken an effective approach to recovering its AAA, breast, and diabetic eye screening programmes. My work sought to understand whether the Trust has clear and realistic plans, whether it has effective arrangements to monitor delivery of its screening recovery plan, and whether it is on track to recover its screening services.

32 I found that the Trust has a reasonable approach to recovering its screening services with generally good oversight arrangements in place. The Trust has been able to recover its AAA screening programme, but recovering breast and diabetic eye screening programmes is a continuing challenge. In June 2023, the backlogs² were almost 41,000 in the breast screening programmes and over 81,000 in the diabetic eye screening programme.

33 The Trust had a clear understanding of the challenges facing its screening programmes, and a clear recovery plan is in place with actions and timescales that increase existing capacity as well as transform services. While the Trust's approach to recovery planning was based on a good understanding of existing clinic and staff capacity, it was less clear about the additional capacity required to recover services and its impact on timescales. The Trust had clear and detailed financial plans to support its recovery plan, supported by Welsh Government funding, although its screening budget for 2022-23 was overspent at the year-end, and additional funding for 2023-24 is still not yet confirmed. Staff worked hard to maintain business continuity and develop recovery plans despite gaps in the workforce, and while overall arrangements for capturing and identifying risks were

² The backlogs are defined as people who had not had not been invited for screening within 36 months and one day for breast screening and within 12 months and one day for diabetic eye screening.

in place at the outset, there were gaps associated with staff and service risks, and impact assessments.

- 34 The Trust has made good progress implementing the actions in its recovery plan, including the work to underpin its diabetic eye screening transformation programme. Activity levels have also increased, and the Trust has been able to remove the backlog for its AAA screening programme. Recovering the breast screening programme, however, continues to be challenging because of gaps in the workforce, and reducing the backlog for the diabetic eye screening programme is reliant on changes in the pathway and the opening of the second hub in summer 2023. Nonetheless, backlogs for both programmes are steadily reducing, and the Trust has effective arrangements to prioritise screening cohorts according to risk.
- 35 The Trust has good operational arrangements to monitor screening performance and recovery. Although there is oversight at Board and committee level, clearer information on performance, recovery and risk management could support more effective scrutiny and assurance.

NHS workforce data briefing

- 36 In September 2023, I published a [data briefing](#) which set out key workforce data for NHS Wales. My briefing highlighted continued growth of NHS Wales, and reflected that in some instances, the growth in staff levels, particularly in nursing and some medical specialties have not kept up with increasing demand.
- 37 The pandemic clearly had an impact on staff and the workforce remains under significant pressure. The recent key trends show increased staff turnover, sickness absence and vacancies. This has resulted in greater reliance on external agency staffing and notably increased agency costs to £325 million in 2022-23. Wales is growing its own workforce, with increased nurses and doctors in training.
- 38 Despite this, there is still a heavy reliance on medical staff from outside of Wales, demonstrating a need to both ensure that education commissioning is aligned to demand, but also that health bodies can recruit sufficient graduates once they have completed their training. My report also highlights some positive trends that show that the NHS is becoming a more flexible and equal employer.

Workforce planning arrangements

- 39 My review examined whether the Trust has effective arrangements to support workforce planning. It focussed on the strategic and operational workforce planning, how it uses workforce information and how it works with its stakeholders to develop solutions. The work also considered the organisation's capacity and capability to identify and address key short and long-term workforce challenges and how it monitors whether its approach is making a difference.

- 40 My work found that the Trust is in the early stages of improving its strategic approach to workforce planning and must now focus on improving its workforce intelligence and understanding the impact of its workforce initiatives.
- 41 The key workforce challenge for the Trust is ensuring it has staff capacity to deliver its strategic priorities. Workforce indicators show that annual staff turnover in 2021-22 was one of the highest of all NHS Wales bodies. Almost a quarter of staff turnover was due to staff promotion. In 2022-23, the Trust's total pay costs were £129 million, which is a 65% increase in the five years since 2017-18. The Trust's sickness absence figures are amongst the lowest in NHS Wales although at 4%, it did not meet its target of 3.24% in 2021-22.
- 42 The Trust does not yet have an effective approach to workforce planning but is making good progress in improving its understanding of existing capacity to provide the foundations of its strategic approach. It has an agreed People Strategy focused on improving the workforce planning approach but lacks clear information on whether it has the capacity and capability to deliver it. The Trust is also making good progress developing workforce intelligence but must ensure the accuracy of its information and develop its forecasting of future service demand to determine the required workforce capacity. Going forward, the Trust needs to build on its workforce intelligence to develop a coherent approach to identifying and managing current and future workforce risks. The development of the People Strategy and individual workforce initiatives were informed by good engagement with stakeholders but there are opportunities for the Trust to extend the reach of its engagement to better understand the needs of staff in frontline services.
- 43 In broad terms, the Trust has identified workforce risks to delivering its strategic priorities in its corporate and strategic risk registers, but it does not have a clear picture of the specific barriers and risks associated with implementing its People Strategy, including the human and financial costs of delivery. Moving forward the workforce toolkit provides a good basis to develop a more sophisticated understanding of risk across the organisation. We found positive examples of the Trust taking action to manage workforce challenges, including individual solutions to staffing pressures, using the workforce differently, working with partners, and through a package of larger initiatives to support well-being, learning and development, recruitment, and retention. The Trust could better target its activities with a clearer understanding of whether staff can access its initiatives in areas where retention and sickness absence are a problem.
- 44 There are weaknesses in the Trust's arrangements to oversee workforce performance and it must do more to understand the impact of its efforts to address its workforce risks. It reports progress delivering workforce milestones in the IMTP but does not yet have clear information on the outcomes of its work, or the impact of the actions and initiatives particularly in the areas of sickness absence and staff retention. The People and Organisational Development Committee (POD) needs to be better sighted on the impact the Trust is having on its effort to address workforce risks. The Trust uses benchmarking to drive improvement but could be more effective in its approach by identifying relevant external comparators to

understand significant differences in performance and opportunities to learn from other organisations.

Structured assessment

- 45 My 2023 structured assessment work took place at a time when NHS bodies were continuing to deal with the legacy of the COVID-19 pandemic in terms of recovering and transforming services and responding to the additional demand in the system that built up during the pandemic. Furthermore, they were also dealing with a broader set of challenges associated with the cost-of-living crisis, the climate emergency, inflationary pressures on public finances, workforce shortages, and an ageing estate.
- 46 My team focussed on the Trust's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically, with a specific focus on: Board transparency, effectiveness, and cohesion; corporate systems of assurance; corporate approach to planning; and corporate approach to managing financial resources. Auditors also paid attention to progress made to address previous recommendations.

Board transparency, effectiveness, and cohesion

- 47 My work considered whether the Trust's Board conducts its business appropriately, effectively, and transparently. I paid particular attention to:
- public transparency of Board business;
 - arrangements to support the conduct of Board business;
 - Board and committee structure, business, meetings, and flows of assurance;
 - Board commitment to hearing from staff, users, other stakeholders; and
 - Board skills, experiences, cohesiveness, and commitment to improvement.
- 48 My work found that the Board and its committees operate well, and maintain a good focus on public transparency, hearing from staff and service users, and continuous improvement. The Board remains cohesive and changes in membership have been managed well, although a gap has presented a challenge. Quality of papers is generally of a good standard with appropriate action being taken to improve this further. Opportunities exist to consider the timing of committee meetings.
- 49 The Trust continues to demonstrate a strong commitment to public transparency. The public availability of committee papers ahead of meetings has been improved, except for the Audit and Corporate Governance Committee (ACGC) which the Trust treats as a private meeting. There are good arrangements to support the effective conduct of Board and committee business, with considerable work underway to ensure all policies are updated and accessible.
- 50 The Board and committees continue to work well, with good levels of scrutiny, support and challenge observed. There continue to be clear flows of information

across committees and to Board. However, there is scope for the Trust to consider the timing of its committee meetings to ensure more regular oversight throughout the year across the Board and committee business. Papers are generally of a good standard with good use made of interactive tools. But the Trust recognises that improvements are needed with committee papers and is taking appropriate action, with a pilot currently underway.

- 51 The Board has strengthened its commitment to hearing from staff and service users, with plans to enhance arrangements further, with the reintroduction of Board walkarounds currently being considered. The Board continues to be cohesive, with a strong focus on becoming a high-performing Board. Where changes in Board membership have occurred, these have been managed well. However, the Board has carried a Non-Executive Director (NED) vacancy for several months, which has placed pressure on maintaining quoracy.

Corporate systems of assurance

- 52 My work considered whether the Trust has a sound corporate approach to managing risks, performance, and the quality and safety of services. I paid particular attention to the organisation's arrangements for:
- overseeing strategic and corporate risks;
 - overseeing organisational performance;
 - overseeing the quality and safety of services; and
 - tracking recommendations.
- 53 My work found that the Trust is continuing to strengthen its corporate systems of assurance related to performance and quality governance. The Trust's approach to identifying strategic risks is improving, and the Board Assurance Framework is now consolidated into a single document. However, arrangements for managing strategic and corporate risks, and tracking recommendations need further work.
- 54 The Trust is continuing to strengthen its approach to risk management and refreshed its strategic risks earlier in the year. The Board Assurance Framework clearly sets out the Trust's governance arrangements, and a refreshed Strategic Risk Register has been developed. The corporate risks are being updated but the Corporate Risk Register has not been considered by the Board or its committees since the start of the financial year. The frequency of oversight of strategic and corporate risks is not at the level we see in other NHS bodies, and sources of assurance for the strategic risks need to be improved. Capacity within the risk team is presenting a challenge to implementing the Trust's Risk Management Development Plan.
- 55 The Trust continues to have good corporate and Board oversight and scrutiny of performance, with arrangements continually improving through developments to its Performance Assurance Dashboard and supporting reporting. The Trust also continues to have appropriate quality governance arrangements in place and has taken a robust approach to ensuring compliance with the new duties of quality and

candour. The Trust's corporate arrangements for tracking recommendations need to be improved to ensure regular and comprehensive oversight of progress being made.

Corporate approach to planning

- 56 My work considered whether the Trust has a sound corporate approach to planning. I paid particular attention to the organisation's arrangements for:
- producing and overseeing the development of strategies and corporate plans, including the Integrated Medium-Term Plan; and
 - overseeing the delivery of corporate strategies and plans.
- 57 My work found that the Trust has a sound approach to developing and monitoring the delivery of its strategies and plans, with a new long-term strategy in place and a strengthened approach to demonstrating impact.
- 58 The Board approved its new 12-year strategy in March 2023, following Board workshops and substantial internal and external engagement. The strategy aligns with the Wellbeing of Future Generations (Wales) Act 2015 and so the strategic priorities are also the Trust's wellbeing objectives. The Trust has good arrangements for developing strategies and plans. During the year, the Trust has also developed a 12-year Digital and Data Strategy, a three-year Research and Evaluation Strategy, and refreshed its 10-year International Health Strategy. The Trust continues to have sound arrangements for developing and producing an approvable Integrated Medium-Term Plan (IMTP).
- 59 The Trust has strengthened its focus on impact by including clear outcomes in its IMTP and how these will be measured. The Trust continues to have good arrangements for monitoring and scrutinising delivery of its IMTP through its performance reporting arrangements to Board. Monitoring of strategies is maintained through committees.

Corporate approach to managing financial resources

- 60 My work considered whether the Trust has a sound corporate approach to managing its financial resources. I paid particular attention to the organisation's arrangements for:
- achieving its financial objectives;
 - overseeing financial planning;
 - overseeing financial management; and
 - overseeing financial performance.
- 61 My work found that the Trust overall has a sound approach to managing its financial resources.
- 62 The Trust met its financial duties to break-even for the financial year 2022-23, with a small revenue and capital surplus of £85,000 and £35,000, respectively. The

Trust also met its financial duties for the rolling three-year period 2020-23, with a cumulative surplus of £260,000. It is on track to meet them again in 2023-24.

- 63 The Trust has a robust approach to financial planning, with a clear and balanced financial plan for 2023-26 underpinning its IMTP. The plan clearly sets out its approach to savings. The Trust continues to have good financial controls and management in place with appropriate oversight maintained through the ACGC. The Trust also continues to have good arrangements to monitor and report its financial position.

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 2023.

Report	Date
Financial audit reports	
Audit of Financial Statements Report	July 2023
Opinion on the Financial Statements	July 2023
Performance audit reports	
Screening Recovery Arrangement	September 2023
NHS Workforce Data Briefing	September 2023
Review of Workforce Planning Arrangements	October 2023
Structured Assessment 2023	January 2024
Other	
2023 Audit Plan	March 2023

My wider programme of national value for money studies in 2023 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 several 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 Financial Efficiencies	March 2024
Review of the Setting of Wellbeing Objectives	April 2024

Appendix 2

Audit fee

The 2023 Audit Plan set out the proposed audit fee of £184,576 (excluding VAT). My latest estimate of the actual fee, on the basis that some work remains in progress, is in keeping with the fee outlined within the Plan.

Appendix 3

Audit of accounts risks

Exhibit 4: audit of accounts risks

My 2023 Audit Plan set out the risks of material misstatement and/or irregularity for the audit of the Trust's 2022-23 accounts. 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
<p>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].</p>	<p>The audit team will:</p> <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 biases; and • evaluate the rationale for any significant transactions outside the normal course of business 	<p>Planned audit work completed and no issues arising.</p>
<p>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 judgements and estimates included in the financial statements could be biased in an effort to achieve the financial</p>	<p>We will focus our testing on areas of the financial statements which could contain reporting bias.</p>	<p>The Trust achieved its break-even duty – no issues arising.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>duty. Where the Trust fails this financial duty, we will place a substantive report on the financial statements highlighting the failure.</p>		
<p>A new accounting standard, IFRS16 Leases, has been adopted by the FReM for 2022-23. IFRS16 will significantly change how most leased assets are accounted for as leased assets will need to be recognised as assets and liabilities in the Statement of Financial Position.</p> <p>There are also significant additional disclosure requirements specific to leased assets that will need to be reflected in the financial statements.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • consider the completeness of the lease portfolios identified by the Trust needing to be included in IFRS16 calculations; • review a sample of calculated asset and liability values and ensure that these have been accounted for and disclosed in accordance with the Manual for Accounts; and • ensure that all material disclosures have been made. 	<p>No significant issues were identified although we did identify that the expenditure disclosed within Note 13.3 (Right of Use Assets) was understated and this was corrected in the final certified accounts.</p>
<p>There have been several changes in year to Senior Officers and Non-Executives which increases the risk of completeness and accuracy in the Remuneration Report.</p>	<p>We will review the completeness and accuracy of the disclosures.</p>	<p>As a result of our audit a small number of adjustments were made to the Remuneration Report to accurately reflect salary and pension figures for both the current and prior year.</p>



Audit Wales

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.