

# Annual Audit Report 2023 – Swansea Bay University Health Board

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# Summary report

## About this report

- 1 This report summarises the findings from my 2023 audit work at Swansea Bay University Health Board (the Health Board) 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 Health Board, 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 Health Board 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 19 July 2023, meaning the deadline was met. This reflects a great collective effort by both my staff and the Health Board'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 standards<sup>1</sup>.

- 7 This report is a summary of the issues presented in more detailed reports to the Health Board 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 Interim Chief Executive, Director of Finance and Director of Corporate Governance have agreed the factual accuracy of this report. We presented it to the Audit Committee on 18 January 2024. The Board will receive the report at a later Board meeting and every member will receive a copy. We strongly encourage the Health Board 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 Health Board's staff and members for their help and co-operation throughout my audit.

## Key messages

### Audit of accounts

- 12 I concluded that the Health Board'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 Committee for improvement.
- 13 However, I qualified the regularity opinion. In line with prior years, the regularity opinion was qualified because the Health Board did not meet its revenue resource allocation over the three-year period ending 2022-23.

<sup>1</sup> 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 Alongside my audit opinion, I placed a substantive report on the Health Board's accounts to highlight the regularity issues.

## **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:
- Urgent and sustainable action is needed to tackle the long waiting times for orthopaedic services. There's a clear commitment to improve waiting times, however, it could take three years or more to return the orthopaedic waiting list to pre-pandemic levels.
  - 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 Health Board has generally effective arrangements to ensure good governance. However, opportunities exist to improve these arrangements further with a particular focus needed on strengthening quality monitoring, articulating a long-term vision and strategy, increasing the focus on primary care, stabilising the Executive Team, and enhancing the monitoring of delivery of savings.
- 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 Health Board’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 Committee for improvement.
- 21 I received draft accounts by the deadline and the supporting working papers were of good quality.
- 22 I reviewed those internal controls that I considered to be relevant to the audit to help me identify, assess, and respond to the risks of material misstatement in the accounts. I did not consider them for the purposes of expressing an opinion on the operating effectiveness of internal control. My review did not identify any significant deficiencies in the Health Board’s internal controls.
- 23 I must report issues arising from my work to those charged with governance (the Audit Committee) for consideration before I issue my audit opinion on the accounts. My Financial Audit Engagement Lead reported these issues on 13 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 were two uncorrected misstatements.

Issue	Auditors' comments
Corrected misstatements	There were several adjustments made to the draft accounts which in the main related to additional narrative to provide more clarity.
Other significant issues	<p>I qualified my regularity opinion and issued a substantive report because the Health Board did not achieve its financial duty to achieve financial balance for the three years ending 2022-23.</p> <p>I also reported some issues regarding the governance and controls over approval of a termination payment, as well as some issues in undertaking the audit of Property, Plant and Equipment (PPE).</p>

- 24 I also undertook a review of the Whole of Government Accounts return. I concluded that the counterparty consolidation information was consistent with the Health Board's financial position on 31 March 2023 and the return was prepared in accordance with the Treasury's instructions.
- 25 My separate audit of the charitable funds accounts is substantially complete. No issues have arisen to date. I will provide my audit opinion in January 2024.

## Regularity of financial transactions

- 26 The Health Board's financial transactions must be in accordance with authorities that govern them. The Health Board 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 Health Board does not have the powers to receive or incur.
- 27 Where a Health Board does not achieve financial balance, its expenditure exceeds its powers to spend and so I must qualify my regularity opinion.
- 28 The Health Board did not achieve financial balance for the three-year period ending 31 March 2023, which I deem to be outside its powers to spend, so I have issued a qualified opinion on the regularity of the financial transactions within the Health Board's 2022-23 accounts.
- 29 In 2022-23, the Health Board reported a year-end financial balance. However, the Health Board breached its cumulative resource limit by spending £46.865 million over the £3.326 billion that it was authorised to spend in the three-year period 2020-21 to 2022-23.
- 30 I have the power to place a substantive report on the Health Board's accounts alongside my opinions where I want to highlight issues. I placed a substantive



report on the Health Board's accounts to highlight the failure to achieve financial balance, setting out the factual details.

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

- 31 I have a statutory requirement to satisfy myself that the Health Board 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 Health Board over the last 12 months to help me discharge that responsibility. This work has involved:
- commenting on how NHS Wales is tackling the backlog of patients waiting for orthopaedic treatments.
  - 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.
  - undertaking a structured assessment of the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically.
- 32 My conclusions based on this work are set out below.

### Orthopaedic Services in Wales

- 33 In March 2023, I commented on orthopaedic services across Wales. My national report '[Orthopaedic Services in Wales – Tackling the Waiting List Backlog](#)' sets out the scale of orthopaedic waits, changes in demand, aspects of service capacity and some of the nationally co-ordinated work to modernise services. My report also set out key actions NHS Wales needs to take to tackle the challenges in orthopaedic services.
- 34 My work found that securing timely treatment for people with orthopaedic problems has been a challenge for the NHS in Wales for many years, with the COVID-19 pandemic making this significantly worse. Previous monies allocated by Welsh Government have resulted in short term improvements but have not achieved the sustainable changes to services that were necessary with orthopaedic waiting list targets not met since they were first established in 2009.
- 35 Since the impact of the pandemic has lessened, orthopaedic services have been slow to restart, and while necessary infection control regimes will continue to have an impact on throughput, there is scope for current capacity to be used more efficiently. My scenario modelling indicates that it could take between three to five years to return orthopaedic waits to pre-pandemic levels across Wales. This is based on both a significant drive on community-based prevention and an increase

in capacity and activity. Without this, services may never return to pre-pandemic levels.

- 36 My work found that there is a clear commitment to improve orthopaedic services. NHS Wales commissioned efficiency and effectiveness reviews both nationally and locally, which set out a suite of recommendations. A national clinical strategy for orthopaedics was also commissioned which sets out service options and a clear clinical voice on what needs to be done. However, urgent action is needed to secure short-term improvements in waiting times to minimise how long people wait in pain and discomfort, as well as creating more sustainable longer-term improvements.
- 37 In addition to my national report, my team set out how the Health Board's orthopaedic services compare to other health boards across Wales. My comparative report highlighted that the Health Board has:
- some of the highest waits in Wales for orthopaedic treatment, including patients waiting longer than a year for a first outpatient appointment, and patients on the waiting list for longer than two years;
  - lower levels of potential latent 'lost' demand as an impact of patients not going to their GP during the pandemic;
  - lower levels of orthopaedic bed and medical workforce capacity;
  - the shortest waits for radiology services, and average waits for physiotherapy; and
  - average uptake of new initiatives to reduce unnecessary follow-up outpatient appointments
- 38 My scenario modelling indicates that optimistically the orthopaedic waiting list for the Health Board could return to pre-pandemic levels by 2026, but without concerted effort it may take many more years to return to pre-pandemic levels, if at all.
- 39 My local report set out a series of prompts and questions for Board members to inform debate and obtain assurance that improvement actions at a local level are having the desired effect.

## NHS workforce data briefing

- 40 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 hasn't kept up with increasing demand.
- 41 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.

42 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. The data briefing provides context for the local review of workforce planning my team are currently undertaking at the Health Board.

## Structured assessment

43 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.

44 My team focussed on the Health Board'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. At the time of my structured assessment work, the Health Board was subject to "enhanced monitoring" by the Welsh Government for its planning and finance arrangements and for aspects of its service performance.

## Board transparency, effectiveness, and cohesion

45 My work considered whether the Health Board'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.

46 My work found that the Board and its committees generally operate well, with a continued commitment to public transparency and continuous improvement. However, opportunities remain to further enhance certain arrangements, such as the process for Board walkarounds and the quality of papers reported. The Board remains cohesive, and recent departures from key senior leadership roles have been managed well, although the Health Board needs to reduce reliance on interim arrangements in its Executive Team at the earliest opportunity.

- 47 The Board remains committed to public transparency, with meetings continuing to be livestreamed and summaries of discussions held in private now included in Board papers. However, opportunities remain to further enhance transparency of Board business by, for example, ensuring key information is available on the Health Board's website, more proactively promoting Board meetings and formally reporting activities of the Chair. The Health Board's arrangements for updating and monitoring compliance with core control frameworks are generally good, although opportunities remain to increase public accessibility of Health Board policies.
- 48 The Board and committees are generally working well. Changes have been made to the committee structure during the year to improve scrutiny and assurance, but these will take time to embed. Papers are generally of a good standard, with support and training available for presenters to help them present key risks and issues succinctly. However, more work is still needed to increase the quality focus in the Health Board's performance report.
- 49 The Health Board has continued to demonstrate a positive commitment to hearing from staff and patients but needs to increase the number of Board walkarounds, ensure they cover a broader range of services and report formally on these activities through an agreed framework. The Board is cohesive and continues to demonstrate a positive commitment to continuous improvement. Appropriate action has been taken to address recent gaps in several key senior leadership roles, but these interim arrangements risk uncertainty in the medium-term if not resolved as planned.

## **Corporate systems of assurance**

- 50 My work considered whether the Health Board 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.
- 51 My work found that the Health Board has continued to develop its Board Assurance Framework, and risk and performance management arrangements are generally good. However, more focus is needed on the quality and safety of services and primary care performance. There is also scope to make better use of corporate risks to drive Board and committee business.
- 52 The Health Board has continued to develop its Board Assurance Framework, but more work is needed to articulate impact, score risks, and to strengthen sources of assurance. In addition, risks could be used more effectively to shape Board and committee business.
- 53 Performance management arrangements have been strengthened with the recent introduction of a balanced scorecard approach. However, operational performance

challenges remain, particularly in the Morriston Service Group. Performance reporting to the Board and its committees also requires strengthening, with a need for a greater focus on primary care within the performance report. Although the Health Board has taken positive steps to improve its quality governance arrangements, including the approval of a five-year Quality Strategy and the recent approval of the Quality Framework, this has taken a considerable amount of time and there is still work left to do. This includes improving scrutiny of the quality and safety of services and embedding the Quality Framework.

- 54 Arrangements for tracking internal and external audit recommendations are strong, but opportunities remain to improve processes for tracking the recommendations of other regulators.

### **Corporate approach to planning**

- 55 My work considered whether the Health Board 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.

- 56 My work found that while the Health Board's corporate planning arrangements are generally good, it still lacks a long-term strategy and has been unable to produce an approvable IMTP. Monitoring the delivery of strategies and plans also needs to improve.

- 57 The Health Board's corporate planning arrangements are generally good, with good stakeholder engagement in the development of the IMTP 2023-26 / Annual Plan 2023-24 and two new 10-year strategies for population health and estates. However, the lack of a long-term strategy has affected the Health Board's ability to align key plans and strategies effectively. In common with other health boards, the Health Board has also been unable to produce a Welsh Government approved IMTP and is subsequently working to an Annual Plan. Work is now underway to review the Health Board's overarching vision and strategic objectives.

- 58 The Health Board has good arrangements for monitoring delivery of the IMTP / Annual Plan. However, arrangements to oversee the delivery of other plans and strategies needs strengthening given the absence of mechanisms to monitor delivery of the two new 10-year strategies for population health and estates.

### **Corporate approach to managing financial resources**

- 59 My work considered whether the Health Board 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.

- 60 My work found that despite a clear process for financial planning, and good arrangements for managing and monitoring the financial position, the Health Board's financial position is extremely challenging for 2023-24.
- 61 Although the Health Board achieved many of its financial objectives and duties for 2022-23, the financial position is extremely challenging for 2023-24. Working to a planned financial deficit of £86.6 million, the Health Board was reporting an adverse variance of £13.2 million against its revenue resource limit at Month 4 2023-24. The three-year cumulative predicted deficit is £109.2 million. The Health Board was also predicting an overspend against its capital resource limit of £3.3 million.
- 62 The Health Board has a clear process for financial planning, with good involvement from the Board, although the development and delivery of its savings plan is a challenge. The Health Board requires savings of £32.8 million but was reporting an identified savings gap of £10.8 million at Month 4 2023-24. Delivery of savings at Month 4 was also behind profile, leaving £26.3 million savings to be achieved in the remaining eight months of the financial year. Arrangements in place to oversee and scrutinise financial management are robust, although at the time of our work two service groups had not signed their financial accountability letters. The Health Board continues to have robust arrangements for monitoring and scrutinising its financial position, although a more detailed focus on savings plans by the Performance and Finance Committee would strengthen scrutiny.

# 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 Health Board in 2023.

Report	Date
<b>Financial audit reports</b>	
Audit of Financial Statements Report	July 2023
Opinion on the Financial Statements	July 2023
Audit of Charitable Funds Financial Statements Report and Opinion on the Charitable Funds Financial Statements	January 2024
<b>Performance audit reports</b>	
Orthopaedic Services in Wales – Tackling the Waiting List Backlog	March 2023
Orthopaedic Services in Wales – Tackling the Waiting List Backlog: A comparative picture for Swansea Bay University Health Board	March 2023
NHS Workforce Data Briefing	September 2023
Structured Assessment 2023	November 2023
<b>Other</b>	

Report	Date
2023 Audit Plan	May 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 Health Board. These are shown in the following table, with the estimated dates for completion of the work.

Report	Estimated completion date
Primary Care Follow-up Review	January 2024
Review of Workforce Planning Arrangements	January 2024
Unscheduled Care: Flow out of Hospital – West Glamorgan Region	February 2024
Discharge Planning: Progress Update	February 2024
Review of Service Group Governance Arrangements	March 2024
Progress Update: Follow up Outpatients	March 2024
Review of Financial Efficiencies	March 2024
Managing demand for urgent and emergency and care	June 2024
Review of Planned Care Services Recovery	July 2024

# Appendix 2

## Audit fee

The 2023 Audit Plan set out the proposed audit fee of £414,663 (excluding VAT). My latest estimate of the actual fee, on the basis that some work remains in progress.

# 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 Health Board's 2022-23 accounts. In addition, I identified an additional risk following completion of the Audit Plan (risk of material misstatement due to fraud in expenditure) and this was reported in the Audit of Financial Statements Report in July 2023. The table below lists all 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"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for bias;</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>	<p>My audit team:</p> <ul style="list-style-type: none"> <li>• tested journal entries;</li> <li>• reviewed accounting estimates, particular primary care payments; and</li> <li>• did not identify any transactions outside of the normal course of business.</li> </ul> <p>No material issues arose from the work carried out.</p>
<p>There is a significant risk that you will fail to meet your first financial duty to break even over a three-year period.</p> <p>The position at month 11 shows a year-to-date deficit of £2.4m and a forecast year-end breakeven position. This, combined with the outturns for 2020-21 and</p>	<p>We will focus our testing on areas of the financial statements which could contain reporting bias.</p>	<p>My audit team reviewed year-end transactions, in particular accruals and cut-off. No matters arose from the work carried out.</p> <p>I chose to place a substantive report on the financial statements explaining the failure to break even over a three period and the</p>

Audit risk	Proposed audit response	Work done and outcome
<p>2021-22, predicts a three-year deficit of £48.7 million.</p> <p>Where you fail this financial duty, we will place a substantive report on the financial statements highlighting the failure and qualify your regularity opinion.</p> <p>Your current financial pressures increase the risk that management judgements and estimates could be biased to achieve the financial duty and breakeven in 2022-23.</p>		<p>circumstances under which it arose.</p>
<p>There is a risk of material misstatement due to fraud in expenditure and as such is treated as a significant risk [PN 10].</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• substantively test expenditure, and review it for completeness, to ensure that all expenditure is recorded; and</li> <li>• test expenditure cut off to provide assurance that items are recorded in the correct year</li> </ul>	<p>My audit team:</p> <ul style="list-style-type: none"> <li>• tested journal entries;</li> <li>• Substantively tested expenditure; and</li> <li>• Tested expenditure cut off.</li> </ul> <p>No material issues arose from the work carried out.</p>

Audit risk	Proposed audit response	Work done and outcome
<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"> <li>• consider the completeness of the lease portfolios identified by the health board/trust/authority needing to be included in IFRS16 calculations.</li> <li>• 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.</li> <li>• ensure that all material disclosures have been made.</li> </ul>	<p>My audit team:</p> <ul style="list-style-type: none"> <li>• Reviewed the completeness of the lease portfolios in the calculations;</li> <li>• reviewed a sample of lease calculations; and</li> <li>• Reviewed the completeness of disclosures.</li> </ul> <p>No material issues arose from the work carried out.</p> <p>However, we did report one uncorrected misstatement in respect of errors in the lease calculations.</p>
<p>The quinquennial valuation of the NHS estate took place as at 1 April 2022.</p> <p>There is a risk that assets are not valued on appropriate bases and that movements in the carrying values of assets are not appropriately accounted for and disclosed.</p> <p>Given the current economic climate, there is a further risk that the carrying values of assets have changed during 2022-23 and that 1 April 2022 valuations are</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• consider the appropriateness of the work of the Valuation Office as a management expert.</li> <li>• test the appropriateness of asset valuation bases.</li> <li>• review a sample of movements in carrying values to ensure that movements have been accounted for and disclosed in accordance with the</li> </ul>	<p>My audit team:</p> <ul style="list-style-type: none"> <li>• Considered the appropriateness of the work of the Valuation Office as a management expert;</li> <li>• Tested the appropriateness of the asset valuation bases;</li> <li>• Reviewed a sample of movements in carrying values; and</li> <li>• Considered whether the carrying value of assets at 1 April 2022 remains materially appropriate or</li> </ul>

Audit risk	Proposed audit response	Work done and outcome
<p>materially misstated at the balance sheet date.</p>	<p>Manual for Accounts.</p> <ul style="list-style-type: none"> <li>consider whether the carrying value of assets at 1 April 2022 remains materially appropriate or whether additional in-year adjustments are required due to the impact of current economic conditions.</li> </ul>	<p>whether additional in-year adjustments are required due to the impact of current economic conditions.</p> <p>No material issues arose from the work carried out.</p>
<p>Last year, I qualified my regularity opinion in respect of clinician's pension tax compensation scheme and placed a substantive report on the financial statements explaining my rationale. For 2022-23, whilst any transactions included in the Health Board's financial statements strictly remain irregular, I am not classifying these as material by their nature. I consider that a further qualification of my regularity opinion would have diminished value particularly against the backdrop of the Chancellor of the Exchequer abolishing the Lifetime Allowance in his March 2023 budget statement.</p>	<p>No further work required.</p>	<p>No further work required.</p>





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