

## Bundle Pwyllgor Archwilio a Sicrwydd (Agored) 23 June 2020

### AGENDA

Audit Agenda June 20 cyf meh 20 V2.docx

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  - 1.2 Ymddiheuriadau am Absenoldeb
  - 1.3 Datganiadau o Fuddiant
  - 1.4 Cofnodion drafft cyfarfod y Pwyllgor Archwilio a gynhaliwyd ar 26 Mai 2020
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- 2 RHAN 2 - MATERION I'W TRAFOD
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- 3 RHAN 3 - DIWEDDGLO
  - 3.1 Unrhyw Fusnes Arall
  - 3.2 Dyddiad y Cyfarfod Nesaf: Dydd Iau, 16 Gorffennaf 2020 am 10.00am yn yr Ystafell Gynadledda, T Dysgu, Nantgarw



## PWYLLGOR ARCHWILIO a SICRWYDD

**Dydd Mawrth, 23 Mehefin 2020**

**12.00pm – 12.45pm**

**Drwy Skype/Telegynhadledd**

### AGENDA

<b>RHAN 1</b>	<b>MATERION RHAGARWEINIOL</b>	<b>12:00-12:10</b>
1.1	Croeso a Chyflwyniadau	Cadeirydd/ Ar lafar
1.2	Ymddiheuriadau am Absenoldeb	Cadeirydd/ Ar lafar
1.3	Datganiadau o Fuddiant	Cadeirydd/ Ar lafar
1.4	Cofnodion drafft cyfarfod y Pwyllgor Archwilio a gynhaliwyd ar 26 Mai 2020	Cadeirydd/ Atodiad
1.5	Cofnod Gweithredu yn dilyn y cyfarfod a gynhaliwyd ar 26 Mai 2020	Cadeirydd/ Atodiad
1.6	Materion yn codi	Cadeirydd/ Atodiad
<b>RHAN 2</b>	<b>MATERION I'W TRAFOD</b>	<b>12:10-12:40</b>
2.1	Gwrth-dwyll: • Crynodeb o Broses yr Offeryn Hunan-adolygu 2019/2020	Rheolwr Gwrth-dwyll Bwrdd Iechyd Prifysgol Caerdydd/ Atodiad
2.2	Adroddiad Atebolrwydd: • Datganiad Llywodraethu Blynnyddol • Adroddiad Tâl & Staff • Adroddiad Atebolrwydd ac Archwilio CCC	Ysgrifennydd y Bwrdd/ Atodiad
2.3	Archwiliad Mewnol: • Adroddiad Blynnyddol Terfynol a Barn y Pennaeth Archwilio Mewnol 2019/2020	Archwilio Mewnol/ Atodiad
2.4	Cyfrifon Blynnyddol Terfynol 2019/2020	Cyfarwyddwr Cyllid/ Atodiad
2.5	Archwilio Cymru: • Adroddiad ar yr Archwiliad o Ddatganiadau Ariannol (ISA 260) a Llythyr Cynrychiolaeth	Archwilio Cymru/ Atodiad
<b>RHAN 3</b>	<b>DIWEDDGLO</b>	<b>12:40-12:45</b>
3.1	Unrhyw Fusnes Arall	Cadeirydd/ Ar lafar
3.2	Dyddiad y Cyfarfod Nesaf: <b>Dydd Iau, 16 Gorffennaf 2020</b> am 10.00am yn yr Ystafell Gynadledda, Tŷ Dysgu, Nantgarw	

Yn unol â'r ddarpariaeth yn Adran 1 (2) o Ddeddf Cyrff Cyhoeddus (Derbyniadau i Gyfarfodydd) 1960, rhaid penderfynu y dylid eithrio cynrychiolwyr y wasg ac aelodau eraill o'r cyhoedd o ran olaf y cyfarfod ar y sail y byddai'n niweidiol i fudd y cyhoedd oherwydd natur gyfrinachol y busnes a drawyd. Mae'r adran hon o'r cyfarfod i'w chynnal mewn sesiwn breifat.

## HEB GAEL EU CADARNHAU

### Cofnodion DRAFFT y Pwyllgor Archwilio a Sicrwydd a gynhaliwyd ar 26 Mai 2020 Drwy Skype/Telegynhadledd

#### Yn bresennol:

Gill Lewis Aelod Annibynnol (Cadeirydd)  
John Hill Tout Aelod Annibynnol (Is-gadeirydd AaGIC)  
Dr Ruth Hall Aelod Annibynnol

#### Hefyd yn bresennol:

Dafydd Bebb Ysgrifennydd y Bwrdd  
Eifion Williams Cyfarwyddwr Cyllid  
Martyn Pennell Pennaeth Cyfrifyddu Ariannol  
Craig Greenstock Rheolwr Atal Twyll (Bwrdd Iechyd Prifysgol Caerdydd a'r Fro)  
Mike Usher Cyfarwyddwr Ymgysylltu (Archwilio Cymru)  
Helen Goddard Rheolwr Archwilio Allanol (Archwilio Cymru)  
Paul Dalton Pennaeth Archwilio Mewnol (Partneriaeth Cydwasanaethau GIG Cymru)  
Suraj Hirani Archwilydd (Archwilio Cymru) (Arsylwr)  
Kay Barrow Rheolwr Gwasanaethau Corfforaethol (Ysgrifenyddiaeth)

RHAN 1	MATERION RHAGARWEINIOL	Cam Gweithredu
<b>AAC: 26/05/1.1</b>	<b>Croeso a Chyflwyniadau</b>	
	Croesawodd y Cadeirydd bawb i'r cyfarfod, yn enwedig Suraj Hirani o Archwilio Cymru, a oedd yno fel arsylwr.	
<b>AAC: 26/05/1.2</b>	<b>Ymddiheuriadau am Absenoldeb</b>	
	Cafwyd ymddiheuriad gan Clare James (Arweinydd Archwilio Perfformiad, Archwilio Cymru), Helen James (Pennaeth Caffael, Partneriaeth Cydwasanaethau GIG Cymru) ac Emma Samways (Dirprwy Bennaeth Archwilio Mewnol, Partneriaeth Cydwasanaethau GIG Cymru).	
<b>AAC: 26/05/1.3</b>	<b>Datgan Buddiannau</b>	
	Nid oedd dim datganiadau o fuddiannau.	
<b>AAC: 26/05/1.4</b>	<b>Cofnodion y Cyfarfod a gynhaliwyd ar 6 Mai 2020</b>	
	Cafodd cofnodion y cyfarfod a gynhaliwyd ar 6 Mai 2020 eu <b>derbyn</b> a'u <b>cymeradwyo</b> fel cofnod cywir o'r cyfarfod yn amodol ar y diwygiad canlynol: <ul style="list-style-type: none"> <li><b>AAC: 06/05/2.5 Adolygu Cyfrifon Drafft 2019/2020:</b> Ychwanegu 'on' at ddiwedd y gair 'cyfrif' ym mrawddeg gyntaf yr</li> </ul>	<b>DB</b>

	ail baragraff er mwyn i ddechrau'r frawddeg ddweud 'Wrth gyflwyno'r cyfrifon drafft, .....'. 	
<b>AAC: 26/05/1.5</b>	<b>Cofnod Camau Gweithredu</b>	
	<p>Roedd y Pwyllgor wedi <b>cael</b> ac <b>ystyried</b> y Cofnod Camau Gweithredu o'r cyfarfod a gynhaliwyd ar 6 Mai 2020.</p> <p>Nododd Dafydd Bebb fod y Cofnod Camau Gweithredu'n cynnwys nifer o eitemau a oedd wedi cael eu gohirio tan ddyddiad yn y dyfodol oherwydd y penderfyniad i symleiddio agendâu cyfarfodydd, er mwyn canolbwyntio'n unig ar eitemau hanfodol i fusnes a'r materion hynny sy'n ymwneud â phandemig COVID-19. Byddai'r eitemau hyn yn cael eu trefnu ym Mlaenraglen Gwaith y Pwyllgor fel y nodir yn y Cofnod Camau Gweithredu, neu ar ôl i waith 'busnes fel arfer' aildechrau.</p> <p>O ran AAC 06/05/3.1.1, Diwygiadau i Amserlen y Cyfrifon Blynnyddol a'r Adroddiad Blynnyddol, cadarnhaodd Dafydd Bebb y byddai AaGIC yn cyflwyno'r Adroddiad Blynnyddol i Lywodraeth Cymru ar ddyddiad hwyrach, wedi'r diweddariad a gafwyd gan Archwilio Cymru yn y cyfarfod diwethaf.</p>	
<b>Penderfynwyd</b>	Roedd y Pwyllgor wedi <b>nodir</b> diweddariad.	
<b>AAC: 26/05/1.6</b>	<b>Materion yn Codi</b>	
	<ul style="list-style-type: none"> <li>• <b>AAC 06/05/2.1.1 Llywodraethu Gwybodaeth: Adroddiad Archwilio Mewnol ar y Rheoliad Cyffredinol ar Ddiogelu Data (GDPR)</b> Dywedodd Dr Ruth Hall wrth y Pwyllgor fod y mater o ddiffyg cydymffurfio â'r hyfforddiant statudol a gorfodol yn y Gyfarwyddiaeth Feddygol wedi cael ei drafod yn y Pwyllgor Addysg, Comisiynu ac Ansawdd diwethaf. Esboniodd y byddai'r Deon Uwchraddedig yn mynd ar drywydd y mater ac yn archwilio'r camau gwella i fynd i'r afael â hyn, yn ogystal â'r cyfleoedd i sicrhau cydymffurfiaid yn y dyfodol.</li> </ul>	
<b>Penderfynwyd</b>	Roedd y Pwyllgor wedi <b>nodir</b> sefyllfa.	
	<ul style="list-style-type: none"> <li>• <b>AAC 06/05/2.4 Adroddiad Blynnyddol 2019/2020 yr Uwchberchennog Risg Gwybodaeth</b> Cododd Dr Ruth Hall ymholiad o ran a oedd unrhyw anawsterau'n cael eu rhag-weld wrth fynd i'r afael â'r meysydd llywodraethu gwybodaeth a gafodd sylw yn adroddiadau'r archwilwyr mewnol ac allanol, a gyflwynwyd mewn cyfarfodydd blaenorol. Tynnwyd sylw at y ffaith bod camau gwella'n rhan o'r Datganiad Llywodraethu Blynnyddol, a fyddai'n cael ei ystyried yn nes ymlaen ar yr agenda.</li> </ul>	
<b>Penderfynwyd</b>	Roedd y Pwyllgor wedi <b>nodir</b> sefyllfa.	

<b>RHAN 2</b>	<b>MATERION I'W HYSTYRIED</b>	
<b>AAC: 26/05/2.1</b>	<b>Atal Twyll:</b>	
<b>AAC: 26/05/2.1.1</b>	<p><b>Adroddiad Blynyddol Atal Twyll 2019/2020</b></p> <p>Roedd y Pwyllgor wedi <b>cael</b> yr adroddiad.</p> <p>Wrth gyflwyno'r adroddiad, darparodd Craig Greenstock grynodedb byr o'r adroddiad, gan dynnu sylw at y gweithgareddau a gyflawnwyd mewn cysylltiad â Chyfarwyddiadau Llywodraeth Cymru. Roedd angen ymchwilio i un atgyfeiriad a oedd wedi'i wneud i'r tîm Gwrth-dwyll. Roedd hyn yn mynd rhagddo. 'Gwyrdd' oedd y datganiad asesiad blynyddol cyffredinol ond roedd y crynodeb o'r risgiau yn erbyn y Contract a'r Safonau ar 31 Mawrth 2020, ar sail yr Adnodd Hunanasesu Risg, yn amlygu mai 'Melyn' oedd yr elfen 'Rhoi Gwybod a Chynnwys'. Esboniodd fod rhaglen o sesiynau ymwybyddiaeth o dwyll wedi cael ei darparu i staff yn y Tîm Cyllid, yr Uwch Dîm Arwain, ac fel rhan o'r sesiynau cynefino. Ond nid oedd y cynnig o sesiynau i'r sefydliad ehangach wedi cael ei dderbyn. Ar ôl trafodaethau â'r Cyfarwyddwr Cyllid, roedd trefniadau'n cael eu gwneud i gynnal rhagor o sesiynau gorfodol yn ystod 2020/21, ond gohiriwyd hyn o ganlyniad i bandemig COVID-19 a byddai'n ailddechrau pan fydd y trefniadau gweithio arferol yn ailddechrau.</p> <p>Nododd y Pwyllgor fod y dyddiad cau blynyddol ar gyfer cyflwyniadau i'r Adnodd Hunanasesu Risg wedi cael ei ymestyn i 31 Mai 2020. Roedd yr Adnodd Hunanasesu Risg cyflawn wedi cael ei gymeradwyo gan y Cyfarwyddwr Cyllid a byddai'n cael ei gyflwyno i Awdurdod Gwrth-dwyll y GIG ar gyfer ei asesu.</p> <p>Roedd y Pwyllgor yn fodlon ar yr asesiad 'Gwyrdd' cyffredinol ond yn bryderus nad hwn oedd yr unig achos o gyfranogiad gwael mewn hyfforddiant. Roedd hi'n ymddangos bod thema ddiwylliannol yn dod i'r amlwg o ran hyfforddiant mewn rhannau o'r sefydliad. Tynnwyd sylw at y ffaith bod angen fframwaith sefydliadol cadarn i wneud yn siŵr bod staff yn croesawu ac yn cydymffurfio â'r gofynion hyfforddi a'r targedau cydymffurfio angenrheidiol. Cadarnhawyd bod y Tîm Gweithredol a'r Uwch Dîm Arwain yn ymwybodol o'r materion, a bod camau gwella wedi'u targedu ar waith i fynd i'r afael â'r diffyg cydymffurfio.</p> <p>Diolchodd y Pwyllgor i Craig Greenstock a'r Tîm Gwrth-dwyll.</p>	
<b>Penderfynwyd</b>	<p>Gwnaeth y Pwyllgor y canlynol:</p> <ul style="list-style-type: none"> <li>• <b>nodi'r</b> adroddiad;</li> <li>• <b>nodi</b> ymrwymiad y Cyfarwyddwr Cyllid i gyflwyno rhaglen codi ymwybyddiaeth a hyfforddiant twyll yn y sefydliad;</li> <li>• <b>cytuno</b> y byddai'r Adnodd Hunanasesu Risg cyflawn yn cael ei gyflwyno yn y cyfarfod nesaf;</li> </ul>	<b>EW</b>

	<ul style="list-style-type: none"> <li><b>cytuno</b> y byddai'r adroddiad gan Awdurdod Gwrth-dwyll y GIG ynghylch y meysydd pryder mewn perthynas â COVID-19 yn cael ei gyflwyno yn y cyfarfod nesaf.</li> </ul>	<b>EW</b>
	Gadawodd Craig Greenstock y cyfarfod.	
<b>AAC: 26/05/2.2</b>	<b>Datganiad Llywodraethu Blynyddol drafft</b>	
	<p>Cafodd y Pwyllgor y Datganiad Llywodraethu Blynyddol drafft.</p> <p>Wrth gyflwyno'r fersiwn drafft, dywedodd Dafydd Bebb wrth y Pwyllgor y byddai AaGIC yn cydymffurfio â'r amserlen ddiwygiedig ar gyfer cyflwyno'r Datganiad, sy'n rhan o'r Adroddiad Atebolrwydd yn yr Adroddiad Blynyddol cyffredinol. Tynnodd sylw at y ffaith bod y fersiwn drafft wedi cael ei ddiwygio i adlewyrchu'r adborth a gafwyd yng nghyfarfod mis Ebrill ynghylch y risgiau hynny a oedd wedi cael effaith sylweddol ar y sefydliad. Yn dilyn canllawiau pellach a gafwyd gan Lywodraeth Cymru ar y diwygiadau i gynnwys y Datganiad Llywodraethu Blynyddol, roedd y fersiwn drafft hefyd wedi cael ei ddiweddarau i adlewyrchu effaith Coronafeirws ar y sefydliad.</p> <p>Cafwyd eglurhad na fyddai'r Adroddiad Blynyddol yn cael ei gyflwyno i Lywodraeth Cymru fel un ddogfen unedig ar 29 Mai 2020, fel yr oedd yn ofynnol yn wreiddiol. Roedd Llywodraeth Cymru wedi diwygio'r dyddiadau cyflwyno o ganlyniad i effaith COVID-19 ar GIG Cymru, fel a ganlyn:</p> <ul style="list-style-type: none"> <li>Cyfrifon Drafft, Datganiad Llywodraethu Blynyddol, Datganiad o Gyfrifoldebau'r Cyfarwyddwyr, a'r Adroddiad Taliadau – 22 Mai 2020</li> <li>Cyfrifon Terfynol, Datganiad Llywodraethu Blynyddol, Datganiad o Gyfrifoldebau'r Cyfarwyddwyr, a'r Adroddiad Taliadau – 30 Mehefin 2020</li> <li>Yr holl rannau eraill o'r Adroddiad Blynyddol, gan gynnwys yr Adroddiad Perfformiad a'r Adroddiad Atebolrwydd (ac eithrio'r Datganiad Llywodraethu Blynyddol a'r Adroddiad Taliadau) – 31 Awst 2020</li> </ul> <p>Byddai'r Pwyllgor yn cael y Cyfrifon Terfynol, y Datganiad Llywodraethu Blynyddol, y Datganiad o Gyfrifoldebau'r Cyfarwyddwyr, a'r Adroddiad Taliadau i'w cymeradwyo ym Mhwyllgor mis Mehefin, i baratoi ar gyfer eu cyflwyno i'r Bwrdd ar 25 Mehefin 2020 a'u cyflwyno i Lywodraeth Cymru erbyn 30 Mehefin 2020. Byddai'r Adroddiad Perfformiad drafft yn cael ei ystyried gan y Pwyllgor ym Mhwyllgor mis Gorffennaf, i baratoi ar gyfer cael cymeradwyaeth derfynol iddo gan y Bwrdd ar 30 Gorffennaf 2020.</p> <p>Roedd y Pwyllgor wedi ystyried y Datganiad Llywodraethu Blynyddol drafft, a oedd yn trin y rhan fwyaf o feysydd, gan groesawu'r ffaith eu bod wedi cael ei weld yn gynnar. Awgrymwyd nifer o ddiwygiadau mewn cysylltiad â'r adolygiad effeithiolrwydd cyflawn a'r adolygiad o Fframwaith Sicrwydd y Bwrdd. Awgrymwyd hefyd cynnal adolygiad o'r camau gweithredu a nodir yn y Datganiad Llywodraethu</p>	

	<p>Blynyddol, a datblygu cynllun gweithredu er mwyn gallu monitro'r cynnydd. Byddai hyn yn helpu i fonitro ymateb AaGIC i'r heriau a nodir yn y Datganiad.</p> <p>Nododd Mike Usher nad oedd Archwilio Cymru wedi cynnal ei adolygiad o'r Datganiad Llywodraethu Blynyddol. Fodd bynnag, byddai unrhyw sylwadau'n cael eu bwydo'n ôl i Dafydd Bebb i'w gwneud hi'n bosibl diweddarau'r Datganiad terfynol mewn pryd i Bwyllgor mis Gorffennaf.</p>	
<b>Penderfynwyd</b>	<p>Gwnaeth y Pwyllgor y canlynol:</p> <ul style="list-style-type: none"> <li>• <b>nodi'r</b> fersiwn drafft;</li> <li>• <b>cytuno</b> i ddiwygio'r naratif i adlewyrchu'r ffaith bod yr Adolygiad o Effeithiolrwydd wedi cael ei gyflawni a bod Fframwaith Sicrwydd y Bwrdd wrthi'n cael ei adolygu;</li> <li>• <b>cytuno</b> i ddatblygu cynllun gweithredu ac i fonitro cynnydd y camau gweithredu yn y Datganiad Llywodraethu Blynyddol;</li> <li>• <b>cytuno</b> i ymgorffori sylwadau gan Archwilio Cymru yn y Datganiad Llywodraethu Blynyddol terfynol.</li> </ul>	<p><b>DB</b></p> <p><b>DB</b></p> <p><b>Archwilio Cymru</b></p>
<b>AAC: 26/05/2.3</b>	<b>Adolygu Cyfrifon Blynyddol Terfynol 2019/2020</b>	
	<p><b>Cafodd</b> y Pwyllgor y Cyfrifon Terfynol ar gyfer 2019/2020.</p> <p>Wrth gyflwyno'r cyfrifon, nododd Eifion Williams fod Archwilio Cymru wedi bod yn archwilio'r datganiadau ariannol yn statudol ar ôl iddynt gael eu cyflwyno. Esboniodd nad oedd y rhifau yn y cyfrifon wedi newid ers cyfarfod diwethaf y Pwyllgor. Fodd bynnag, roedd rhai newidiadau testunol wedi cael eu gwneud i'r naratif sy'n cyd-fynd â'r cyfrifon ac roedd y rheini wedi cael eu hadlewyrchu yn y cyfrifon a gyflwynwyd. Nododd y Pwyllgor fod AaGIC wedi cyflawni ei rwymedigaethau i fantoli'r gyllideb yn erbyn y Terfynau Adnoddau Cyfalaf a Refeniw, ac wedi bodloni Polisi Taliadau'r Sector Cyhoeddus.</p> <p>Roedd y Pwyllgor yn falch o nodi bod yr Adran Gyllid wedi llwyddo i gadw at yr amserlenni cyflwyno gwreiddiol. Roedd hyn yn brawf o waith caled ac ymroddiad Martyn Pennell a'r Tîm Cyllid i fodloni'r gofynion er gwaethaf yr amgylchiadau eithriadol.</p> <p>Rhoddodd Mike Usher glod i AaGIC am fod y sefydliad cyntaf yn GIG Cymru i gynhyrchu ei gyfrifon drafft o fewn yr amserlen. Roedd y broses archwilio wedi bod yn un hynod o ddidrafferth. Yn gymorth i hyn roedd y papurau gwaith ardderchog, y mynediad da at y Tîm Cyllid, a'r ymatebion prydlon i unrhyw ymholiadau a godwyd.</p> <p>Nododd y Pwyllgor na fyddai cyfrifon terfynol AaGIC yn cael eu cyflwyno tan 30 Mehefin 2020, er eu bod yn gyflawn i raddau helaeth.</p> <p>Diolchodd y Pwyllgor i Martyn Pennell a'r Tîm Cyllid.</p>	
<b>Penderfynwyd</b>	Roedd y Pwyllgor wedi <b>nodi'r</b> cyfrifon.	

<b>AAC:</b> <b>26/05/2.4</b>	<b>Archwilio Cymru:</b>	
<b>AAC:</b> <b>26/05/2.4.1</b>	<b>Adroddiad ar yr Archwiliad o Ddatganiadau Ariannol (ISA 260) a Llythyr Sylwadau</b>	
	<p><b>Cafodd</b> y Pwyllgor yr ISA 260 drafft.</p> <p>Wrth gyflwyno'r fersiwn drafft, nododd Helen Goddard fod y gwaith o archwilio datganiadau ariannol AaGIC wedi'i gyflawni i raddau helaeth, ac amlinellu nifer o feysydd gwaith i'w cyflawni o hyd. O ganlyniad i bandemig COVID-19, roedd Llywodraeth Cymru wedi ymestyn dyddiadau cyflwyno'r Cyfrifon. Fodd bynnag, roedd AaGIC wedi cadw at y dyddiad cau gwreiddiol ar gyfer cyflwyno'r cyfrifon drafft, sef 28 Ebrill 2020.</p> <p>Ar sail y sefyllfa a oedd wedi'i harchwilio ar sail interim a heb unrhyw bryderon sylweddol, rhagwelwyd y gellid darparu barn ddiamod am yr archwiliad yn amodol ar gwblhau, mewn modd boddhaol, y meysydd gwaith a oedd yn weddill. Byddai'r adroddiad terfynol ar yr archwiliad o'r cyfrifon yn cael ei gyflwyno ym Mhwyllgor mis Mehefin.</p> <p>Nododd y Pwyllgor fod Archwilio Cymru, o ganlyniad i'r cyfyngiadau cyfredol, yn ystyried defnyddio llofnodion electronig i lofnodi'r cyfrifon ar gyfer y Swyddog Cyfrifyddu a'r Cadeirydd. Rhagwelwyd y byddai Archwilydd Cyffredinol Cymru yn ardystio'r cyfrifon ar 2 Gorffennaf 2020.</p> <p>Byddai adolygiad o'r hyn a ddysgwyd yn sgil y broses archwilio yn ystod amgylchiadau digynsail yn cael ei gynnal er mwyn mabwysiadu ffyrdd newydd o weithio, a gwella'r broses archwilio yn y dyfodol. Roedd y Pwyllgor yn fodlon ar y sefyllfa interim ac roedd yn canmol y ffordd yr oedd y broses archwilio wedi mynd rhagddi. Y rheswm am hyn oedd y berthynas waith dda rhwng AaGIC ac Archwilio Cymru.</p> <p>O ran y materion i'w cyflawni, nodwyd bod rhywfaint o ansicrwydd ynglŷn â'r ymateb sydd ei angen gan Gynllun Pensiwn y Gwasanaeth Sifil. Roedd y wybodaeth hon wedi achosi problemau y llynedd hefyd, ond roedd y sawl perthnasol wedi mynd ar drywydd hyn.</p>	
<b>Penderfynwyd</b>	<p>Gwnaeth y Pwyllgor y canlynol:</p> <ul style="list-style-type: none"> <li>• <b>nodi'r</b> adroddiad;</li> <li>• <b>cytuno</b> y byddai Swyddog Cyfrifyddu AaGIC a Chadeirydd AaGIC yn bresennol yn y cyfarfod ar 23 Mehefin 2020.</li> </ul>	<b>DB</b>
<b>AAC:</b> <b>26/05/2.5</b>	<b>Nodyn Cyfarwyddyd Llywodraeth Cymru: Cyflawni Cyfrifoldebau Pwyllgor y Bwrdd yn ystod y Cam Ymateb i COVID-19</b>	
	<p><b>Cafodd</b> y Pwyllgor y Nodyn Cyfarwyddyd.</p> <p>Wrth gyflwyno'r Nodyn Cyfarwyddyd, tynnodd Dafydd Bebb sylw at y ffaith bod y canllawiau'n darparu cyfarwyddiadau pellach ar rôl y Pwyllgor Archwilio a'r Pwyllgor Ansawdd a Diogelwch o ran cyflawni cyfrifoldebau yn ystod pandemig COVID-19. Esboniodd fod y</p>	



	<p>canllawiau'n canolbwyntio'n bennaf ar ofal uniongyrchol i gleifion; mater nad yw'n berthnasol iawn i AaGIC. Darparwyd trosolwg o gamau gweithredu AaGIC mewn ymateb i'r meysydd yn y canllawiau yr effeithiwyd arnynt, a'r mesurau lliniaru.</p> <p>Nododd y Pwyllgor na fu effaith mor sylweddol ar drefniadau llywodraethu corfforaethol AaGIC, o'i gymharu â sefydliadau eraill yn GIG Cymru sy'n trin cleifion yn uniongyrchol. Roedd y canllawiau'n atgyfnerthu'r trefniadau llywodraethu yr oedd AaGIC wedi'u rhoi ar waith a bod holl gyfarfodydd y Bwrdd, y Pwyllgorau a'r Tîm Gweithredol wedi cael eu cynnal yn ôl y bwriad. Er nad oedd cyfarfodydd y Bwrdd a Phwyllgorau yn cael eu cynnal yn gyhoeddus, pwysleisiwyd bod nodyn briffio'n cael ei gyhoeddi o fewn 48 awr gwaith i bob cyfarfod a bod y cofnodion (heb eu cadarnhau) yn cael eu cyhoeddi ar wefan AaGIC o fewn pythefnos.</p> <p>Mewn ateb i ymholiad a godwyd o ran yr eitemau wedi'u gohirio yn ystod pandemig COVID-19, cafwyd eglurhad bod y Cofnod Camau Gweithredu a'r Blaenraglen Waith yn cael eu diweddarau i wneud yn siŵr nad oedd materion yn cael eu hanghofio.</p> <p>Pwysleisiodd y Pwyllgor fod y trefniadau cydweithio a'r cyswllt â'r Pwyllgor Addysg, Comisiynu ac Ansawdd yn bwysig yn ystod y cyfnod digynsail hwn. Mae hyn yn arbennig o wir mewn cysylltiad â rôl AaGIC fel Comisiynydd wrth ddarparu addysg a gwneud yn siŵr bod cadwyni cyflenwi'n gallu darparu'r gwasanaethau a gomisiynir.</p> <p>Cafodd y Pwyllgor sicrwydd gan y timau archwilio mewnol ac allanol fod y sianeli cyfathrebu ar agor rhwng y partïon, a bod y cynlluniau archwilio'n cael eu hadolygu i adlewyrchu unrhyw newidiadau.</p>	
<b>Penderfynwyd</b>	Roedd y Pwyllgor wedi <b>nodi'r</b> nodyn cyfarwyddyd at ddibenion sicrwydd.	
<b>RHAN 3</b>	<b>CLOI</b>	
<b>AAC: 26/05/3.1</b>	<b>Unrhyw Fater Arall</b>	
<b>AAC: 26/05/3.1.1</b>	<p><b>Rhaglen Waith Archwilio Cymru</b></p> <p>Cafodd y Pwyllgor y llythyr.</p> <p>Wrth gyflwyno'r llythyr, tynnodd Mike Usher sylw at y ffaith bod y llythyr wedi cael ei gyhoeddi i bob corff sy'n cael ei archwilio a'i fod yn darparu trosolwg o'r newidiadau sy'n cael eu gwneud ar unwaith i Raglen Waith Archwilio Cymru o ganlyniad i bandemig COVID-19. Eithriad i hyn oedd cyhoeddi'r Adroddiad Cenedlaethol ar Lesiant Cenedlaethau'r Dyfodol, a oedd yn ofynnol drwy statud erbyn 5 Mai 2020. Cynlluniwyd y byddai'r adroddiad hwn yn cael ei gyflwyno i'r Pwyllgor a'r Bwrdd yn hydref 2020.</p> <p>Croesawodd y Pwyllgor y cynnydd sy'n cael ei wneud o ran y cynnig i ddatblygu'r trefniadau cofnodi amser-real, adroddiadau hyblyg, a</p>	

	rhannu profiadau a'r hyn sy'n cael ei ddysgu ar draws cyrff sy'n cael eu harchwilio.	
<b>Penderfynwyd</b>	<p>Gwnaeth y Pwyllgor y canlynol:</p> <ul style="list-style-type: none"> <li>• <b>nodi'r</b> llythyr;</li> <li>• <b>cytuno</b> y byddai'r Adroddiad Cenedlaethol ar Lesiant Cenedlaethau'r Dyfodol yn cael ei gyflwyno i'r Pwyllgor yn hydref 2020.</li> <li>• <b>cytuno</b> y byddai'r Adroddiad Cenedlaethol ar Lesiant Cenedlaethau'r Dyfodol yn cael ei gyflwyno i'r Bwrdd yn hydref 2020.</li> </ul>	<p><b>DB</b></p> <p><b>DB</b></p>
<b>AAC: 26/05/3.2</b>	<b>Dyddiad y Cyfarfod Nesaf</b>	
	<p><b>Nododd</b> y Pwyllgor y trefniadau ar gyfer y cyfarfodydd canlynol:</p> <p>Byddai'r Pwyllgor yn cyfarfod eto ar <b>23 Mehefin 2020 am 1.00pm</b> i gymeradwyo'r Cyfrifon Terfynol a'r Adroddiad Atebolrwydd, i baratoi ar gyfer argymhell eu bod yn cael eu cyflwyno i'r Bwrdd am gymeradwyaeth ar 25 Mehefin 2020.</p> <p>Byddai cyfarfod busnes nesaf y Pwyllgor yn cael ei gynnal ar 16 Gorffennaf 2020 am 10.00am yn Ystafell Gynadledda AaGIC.</p>	

.....  
**Gill Lewis (Cadeirydd)**

.....  
**Dyddiad:**

## Y Pwyllgor Archwilio a Sicrwydd (Agored)

26 Mai 2020

### Cofnod Gweithredu

(Mae'r Daflen Weithredu hefyd yn cynnwys camau gweithredu a gytunwyd arnynt mewn cyfarfodydd blaenorol o'r Pwyllgor Archwilio a Sicrwydd ac sydd eto i'w cwblhau neu sydd i'w trafod gan y Pwyllgor yn y dyfodol. Mae'r rhain wedi'u hamlygu yn yr adran gyntaf. Pan fydd y Pwyllgor Archwilio a Sicrwydd wedi rhoi sêl bendith i'r camau gweithredu hyn, byddant yn cael eu tynnu oddi ar y daflen weithredu.)

Cyfeirnod y Cofnod	Camau a Gytunwyd	Arweinydd	Dyddiad Targed	Cynnydd/ Wedi Cwblhau
<b>AAC:</b> <b>22/11/2.13</b>	<b>Y Gofrestr Risg Gorfforaethol</b>			
	<ul style="list-style-type: none"> <li>Angen ffurfioli'r broses uwchgyfeirio risgiau.</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	Mis Gorffennaf 2020	Roedd y Tîm Gweithredol wedi bwriadu ystyried y Polisi Rheoli Risg diwygiedig, sy'n cynnwys y broses uwchgyfeirio risgiau. Fodd bynnag, gohiriwyd hyn oherwydd bod y ffocws wedi newid i eitemau hanfodol i fusnes yn sgil pandemig COVID-19.
<b>AAC:</b> <b>22/11/3.1</b>	<b>Adolygu Effeithiolrwydd y Pwyllgor</b>			
	<ul style="list-style-type: none"> <li>Cyflwyno gwerthusiad o'r rhestr wirio i Bwyllgor mis Ebrill.</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	Mis Gorffennaf 2020	Oherwydd pandemig y Coronafeirws, mae'r eitem hon wedi cael ei gohirio tan Bwyllgor mis Gorffennaf.
<b>AAC:</b> <b>27/01/2.1</b>	<b>Adolygiad annibynnol o systemau a phrosesau Caffael AaGIC</b>			
	<ul style="list-style-type: none"> <li>Y Pwyllgor i gael copi o'r adroddiad ar ôl yr adolygiad annibynnol o systemau a phrosesau Caffael AaGIC.</li> </ul>	<b>Cyfarwyddwr Cyllid</b>	I'w gadarnhau	Mae'r adolygiad hwn wedi cael ei oedi o ganlyniad i bandemig COVID-19 a bydd yn ailddechrau pan fydd gwaith 'busnes fel arfer' yn ailddechrau.



**GIG**  
CYMRU  
**NHS**  
WALES

Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

Eitem ar yr Agenda 1.5

Cyfeirnod y Cofnod	Camau a Gytunwyd	Arweinydd	Dyddiad Targed	Cynnydd/ Wedi Cwblhau
<b>AAC: 27/01/2.2</b>	<b>Cofnod Staff Electronig – Diweddariad Cydymffurfio o ran Hyfforddiant Gorfodol a PADR</b>			
	<ul style="list-style-type: none"> <li>Bydd y Cyfarwyddwr Meddygol yn cael ei wahodd i Bwyllgor mis Ebrill am drafodaeth gefnogol.</li> </ul>	<b>Cyfarwyddwr y Gweithlu a Datblygu Sefydliadol</b>	Mis Gorffennaf 2020	Oherwydd pandemig y Coronafeirws, mae'r eitem hon wedi cael ei gohirio tan Bwyllgor mis Gorffennaf.
<b>AAC: 27/10/2.10</b>	<b>Datgan Buddiannau – Adolygu'r Arferion mewn sefydliadau eraill</b>			
	<ul style="list-style-type: none"> <li>Y Pwyllgor i gael adborth o'r adolygiad 'ôl-weithredol' o'r eitemau hynny a gofnodwyd yn y Adroddiad ar Gydymffurfiaid ym maes Caffael fel bod 'heb eu cymeradwyo' mewn cysylltiad ag unrhyw wrthdaro rhwng buddiannau.</li> </ul>	<b>Pennaeth Caffael</b>	I'w gadarnhau	Oherwydd pandemig y Coronafeirws, caiff yr adolygiad hwn ei gynnal pan fydd gwaith 'busnes fel arfer' wedi aildddechrau.
<b>AAC: 27/10/2.11</b>	<b>Memorandwm Cyd-ddealltwriaeth AaGIC ac AGIC</b>			
	<ul style="list-style-type: none"> <li>Cyflwyno'r Memorandwm Cyd-ddealltwriaeth terfynol i Bwyllgor mis Ebrill.</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	Mis Gorffennaf 2020	Mae'r Memorandwm Cyd-ddealltwriaeth yn dal yn cael ei ddatblygu. Mae'r eitem hon wedi cael ei gohirio tan Bwyllgor mis Gorffennaf.
<b>AAC: 01/04/3.1</b>	<b>Disgwyliadau Gafael a Rheoli Llywodraeth Cymru</b>			
	<ul style="list-style-type: none"> <li>Cyflwyno unrhyw gynigion o ran arferion da i'w mabwysiadu gan AaGIC yn un o gyfarfodydd y Pwyllgor yn y dyfodol</li> </ul>	<b>Cyfarwyddwr Cyllid</b>	I'w gadarnhau	Mae'r Cynigion Arferion Da wrthi'n cael eu hadolygu. Bydd unrhyw rai y mae angen eu mabwysiadu yn cael eu hychwanegu at Flaenraglen Waith y Pwyllgor yn ôl y gofyn er mwyn eu hystyried.

Cyfeirnod y Cofnod	Camau a Gytunwyd	Arweinydd	Dyddiad Targed	Cynnydd/ Wedi Cwblhau
<b>AAC: 06/05/2.1.3</b>	<b>Barn ac Adroddiad Blynyddol y Pennaeth Archwilio Mewnol – 2019/2020</b>			
	<ul style="list-style-type: none"> <li>Diwygio cynnwys adroddiad terfynol y Pennaeth Archwilio Mewnol i adlewyrchu trafodaeth y Pwyllgor.</li> </ul>	<b>Pennaeth Archwilio Mewnol</b>	26 Mai 2020	Adroddiad Terfynol ar agenda'r Pwyllgor ar gyfer 26 Mai 2020.
	<ul style="list-style-type: none"> <li>Ysgrifennydd y Bwrdd a'r Pennaeth Archwilio Mewnol i weithio drwy fanylion y gwaith o gyflawni'r Cynllun Archwilio Mewnol ar gyfer 2020/21.</li> </ul>	<b>Ysgrifennydd y Bwrdd/Pennaeth Archwilio Mewnol</b>	Mis Gorffennaf 2020	Adrodd ar y cynnydd ym Mhwyllgor mis Gorffennaf.
<b>AAC: 26/05/1.4</b>	<b>Cofnodion y Cyfarfod a gynhaliwyd ar 6 Mai 2020</b>			
	<ul style="list-style-type: none"> <li><b>AAC: 06/05/2.5 Adolygu Cyfrifon Drafft 2019/2020:</b> Ychwanegu 'on' at ddiwedd y gair 'cyfrif' ym mrawddeg gyntaf yr ail baragraff er mwyn i ddechrau'r frawddeg ddweud 'Wrth gyflwyno'r cyfrifon drafft, .....'</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	Cyn pen 1 wythnos	Wedi Cwblhau.
<b>AAC: 26/05/2.1.1</b>	<b>Adroddiad Blynyddol Atal Twyll 2019/2020</b>			
	<ul style="list-style-type: none"> <li>Cyflwyno'r Adnodd Hunanasesu Risg cyflawn yn y cyfarfod nesaf.</li> </ul>	<b>Cyfarwyddwr Cyllid</b>	Mis Mehefin 2020	Wedi'i ychwanegu at Agenda'r Pwyllgor ar gyfer 23 Mehefin 2020.
	<ul style="list-style-type: none"> <li>Cyflwyno'r adroddiad gan Awdurdod Gwrth-dwyll y GIG ynghylch y meysydd pryder mewn perthynas â COVID-19 yn y cyfarfod nesaf</li> </ul>	<b>Cyfarwyddwr Cyllid</b>	Mis Mehefin 2020	Wedi'i ychwanegu at Agenda'r Pwyllgor ar gyfer 23 Mehefin 2020.
<b>AAC: 26/05/2.2</b>	<b>Datganiad Llywodraethu Blynyddol drafft</b>			
	<ul style="list-style-type: none"> <li>Diwygio'r naratif i adlewyrchu'r ffaith bod yr Adolygiad o Effeithiolrwydd wedi cael ei</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	Mis Mehefin 2020	Wedi Cwblhau.

Cyfeirnod y Cofnod	Camau a Gytunwyd	Arweinydd	Dyddiad Targed	Cynnydd/ Wedi Cwblhau
	gyflawni a bod Fframwaith Sicrwydd y Bwrdd wrthi'n cael ei adolygu.			
	<ul style="list-style-type: none"> <li>Datblygu cynllun gweithredu a'r Pwyllgor i fonitro cynnydd y camau gweithredu yn y Datganiad Llywodraethu Blynnyddol.</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	Mis Hydref 2020	Ychwanegwyd ar Flaenraglen Waith y Pwyllgor ar gyfer mis Hydref 2020.
	<ul style="list-style-type: none"> <li>Ymgorffori sylwadau gan Archwilio Cymru yn y Datganiad terfynol.</li> </ul>	<b>Archwilio Cymru</b>	Mis Mehefin 2020	Wedi Cwblhau.
<b>AAC: 26/05/2.4.1</b>	<b>Adroddiad ar yr Archwiliad o Ddatganiadau Ariannol (ISA 260) a Llythyr Sylwadau</b>			
	<ul style="list-style-type: none"> <li>Swyddog Cyfrifyddu AaGIC a Chadeirydd AaGIC i fod yn bresennol yn y cyfarfod ar 23 Mehefin 2020.</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	Mis Mehefin 2020	Mae gwahoddiad ar gyfer y dyddiadur wedi cael ei anfon at y ddau barti.
<b>AAC: 26/05/3.1.1</b>	<b>Rhaglen Waith Archwilio Cymru</b>			
	<ul style="list-style-type: none"> <li>Cyflwyno Adroddiad Cenedlaethol ar Lesiant Cenedlaethau'r Dyfodol i'r Pwyllgor yn hydref 2020.</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	Mis Hydref 2020	Ychwanegwyd ar Flaenraglen Waith y Pwyllgor ar gyfer mis Hydref 2020.
	<ul style="list-style-type: none"> <li>Cyflwyno Adroddiad Cenedlaethol ar Lesiant Cenedlaethau'r Dyfodol i'r Bwrdd yn hydref 2020.</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	Mis Hydref 2020	Ychwanegwyd ar Flaenraglen Waith y Bwrdd ar gyfer mis Hydref 2020.

# **Crynodeb o'r Broses Offeryn Hunan Adolygu**

Sgôr Gyffredinol : **GWYRDD**

Cyflwynwyd gan : Mr Craig Greenstock  
Dyddiad Cyflwyno : 20/05/2020 14:13:19

# 1. Adrannau

## 1.1. Cyffredinol

## 1.2. Llywodraethu Strategol

## 1.3. Hysbysu a Chynnwys

## 1.4. Atal a Rhwystro

## 1.5. Dwyn i Gyfrif

### Cyffredinol

Safon	Sylwadau
Enw'r sefydliad	ADDYSG a GWELLA IECHYD CYMRU (AaGIC)
Cyllideb blynyddol y sefydliad *	£ 190 miliwn i £ 260 miliwn
Cyfrif pennau staff y sefydliad gan gynnwys staff contract *	O dan 500
Cod y sefydliad	T1530
Math o sefydliad/darparwr *	Awdurdod Iechyd Arbennig
Enw aelod y bwrdd gweithredol neu'r corff cyfatebol sy'n gyfrifol am oruchwyllo a darparu rheolaeth strategol *	Mr Eifion Williams
Rhanbarth *	Cymru
Dyddiad cwblhau'r arolwg hwn	07/04/2020
Enw a chyfeiriad e-bost yr Arbenigwr Atal Twyll Lleol*	Craig Greenstock - <a href="mailto:craig.greenstock@cymru.gi">craig.greenstock@cymru.gi</a> <a href="mailto:craig.greenstock@cymru.gi">g.uk</a>
Enw sefydliad darparu atal twyll (gan gynnwys yn fewnol) *	Bwrdd Iechyd Prifysgol Caerdydd a'r Fro
Enw Cadeirydd y Pwyllgor Archwilio	Mrs Gill Lewis
E-bost Cadeirydd y Pwyllgor Archwilio	Gill.Lewis@wales.nhs.uk
Diwrnodau Llywodraethu Strategol, Hysbysu a Chynnwys ac Atal a Rhwystro a ddefnyddir (Dim mwy na 3 rhif)*	29
Nifer y diwrnodau Dwyn i Gyfrif a ddefnyddiwyd (Dim mwy na 3 rhif)*	21
Cyfanswm y diwrnodau a ddefnyddiwyd ar gyfer gwaith atal twyll	50
Nifer yr atgyfeiriadau a dderbyniwyd yn ystod y flwyddyn ariannol fwyaf diweddar	1
Nifer yr achosion a agorwyd yn ystod y flwyddyn ariannol fwyaf diweddar	1
Nifer yr achosion a gaewyd yn ystod y flwyddyn ariannol fwyaf diweddar	0
Nifer yr achosion ar agor ar 31/03/2020	1
Nifer y colledion oherwydd twyll a nodwyd yn ystod y flwyddyn ariannol fwyaf diweddar	£20,000.00
Swm y twyll a adferwyd yn ystod y flwyddyn ariannol fwyaf diweddar	£0.00
Nifer y cosbau troseddol a osodwyd yn ystod y flwyddyn	0
Nifer y cosbau sifil a osodwyd yn ystod y flwyddyn	0
Nifer y cosbau disgyblaeth a osodwyd yn ystod y flwyddyn	0
Cost staffio atal twyll fesul blwyddyn ariannol –Llywodraethu Strategol, Hysbysu a Chynnwys ac Atal a Rhwystro*	£8,120.00
Cost staffio atal twyll fesul blwyddyn ariannol – Dwyn i Gyfrif	£5,880.00
Cyfanswm costau gwaith atal twyll	£14,000.00

### Llywodraethu Strategol

Rhif	Safon	Sgôr	Sylwadau
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1.1	Mae aelod o'r bwrdd gweithredol neu gorff cyfatebol yn atebol am ddarparu rheolaeth strategol o unrhyw waith yn ymwneud ag atal twyll, llwgrwobrwyo a llygredd o fewn y sefydliad. Mae'r aelod bwrdd atebol yn gyfrifol am ddarparu sicrwydd i'r bwrdd gweithredol ynghylch ansawdd ac effeithlonrwydd y gwaith atal twyll, llwgrwobrwyo a llygredd a wneir.	GWYRDD	Mae gan Gyfarwyddwr Cyllid y Corff lechyd gyfrifoldebau dirprwyedig am oruchwylio a darparu pob agwedd ar waith o'r faith o fewn y sefydliad. Mae tystiolaeth i gefnogi hyn wedi'i gynnwys mewn amrywiaeth o ddogfennau fel yr Adroddiad Atal Twyll Blynnyddol, Adroddiadau Cynnydd Atal Twyll sydd yna'n cael eu cynnwys ar agenda'r Pwyllgor Archwilio a'r cyfarfodydd Bwrdd yn unol â Pholisïau a Gweithdrefnau'r Corff lechyd sy'n ymwneud â ac yn cefnogi'r gwaith Atal Twyll a wneir.
1.2	Mae cyfarwyddwyr anweithredol neu aelodau lleig ac uwch-reolwyr lefel y bwrdd/llywodraethwyr yn gyfrifol am sicrhau bod y sefydliad yn defnyddio dulliau rheoli a rheolaeth o ran atal twyll, llwgrwobrwyo a llygredd. Dylid cofnodi'r gwaith ar lefel y bwrdd o werthuso effeithiolrwydd atal twyll, llwgrwobrwyo a llygredd. Os gwna Awdurdod Atal Twyll y GIG (NHSCFA) argymhellion yn dilyn yr asesiad, cyfrifoldeb yr aelod bwrdd atebol yw sicrhau'r bwrdd bod cynnydd yn cael ei wneud ynghylch y gwaith.	GWYRDD	Mae tystiolaeth glir i gefnogi hyn ar sail Adroddiadau Cynnydd Atal Twyll a gyflwynir fel rhan o agenda cyfarfodydd y Pwyllgor Archwilio.
1.3	Mae'r sefydliad yn cyflogi neu'n contractio un neu fwy Arbenigwr Atal Twyll y GIG i gynnal amrywiaeth lawn o waith atal twyll, llwgrwobrwyo a llygredd, gan gynnwys gwaith rhagweithiol i atal a rhwystro twyll, llwgrwobrwyo a llygredd a gwaith ymatebol i ddwyn i gyfrif y rheini sy'n twyllo, llwgrwobrwyo neu sy'n llygru.	GWYRDD	Fel rhan o Gytundeb Lefel Gwasanaeth, ar hyn o bryd, mae AaGIC yn cyflogi Arbenigwr Atal Twyll Lleol i gyflawni amrywiaeth lawn o waith Atal Twyll ar ei ran.

1.4	<p>Mae'r sefydliad wedi cynnal asesiadau risg lleol cynhwysfawr er mwyn nodi risgiau o dwyll, llwgrwobrwyo a llygredd, ac mae'r ddarpariaeth atal twyll, llwgrwobrwyo a llygredd sydd ganddo'n gymesur â lefel y risg a nodir.</p> <p>Nodir a rheolir risgiau yn unol â pholisi rheoli risg y sefydliad ac maent wedi'u cynnwys ar y cofrestr risgiau priodol. Mae mesurau a gymerir i liniaru'r risgiau a nodir wedi'u cynnwys yn y cynllun gwaith sefydliadol. Caiff y gwaith a wneir ei fonitro ar lefel uwch o fewn y sefydliad a chaiff y canlyniadau eu hadrodd nôl i'r pwyllgor archwilio.</p>	OREN	<p>Gan mai dim ond yn eithaf diweddar y cafodd y Corff lechyd hwn ei sefydlu, mae'r asesiadau risg yn parhau i gael eu cynnal er mwyn sicrhau y gellir nodi unrhyw achosion o dwyll, llwgrwobrwyo a/neu llygredd cyn gynted â phosibl.</p> <p>Bydd y gwaith hwn yn parhau yn 2020/21 a bydd yn cael ei adrodd ar ffurf Adroddiadau Cynnydd Atal Twyll rheolaidd fydd yn cael eu cyflwyno i Bwyllgorau Archwilio'r dyfodol ynghyd ag adroddiadau Cofrestr Risgiau'r Corff lechyd ei hun.</p> <p>Wedi dweud hynny, roedd AATLI eisoes yn craffu ar wasanaethau yr oedd y corff yn eu darparu cyn cael eu hymgorffori i AaGIC.</p>
1.5	<p>Mae'r sefydliad yn adrodd yn flynyddol ynghylch sut y mae wedi diwallu safonau NHSCFA a NHS CFS Cymru o ran gwaith ynghylch atal twyll, llwgrwobrwyo a llygredd ac mae'n disgrifio manylion y camau unioni y cymerir os na ddiwellir y safonau.</p>	GWYRDD	<p>Mae disgwyl i'r Corff lechyd gynhyrchu Adroddiad Atal Twyll Blynnyddol i'w gyflwyno fel eitem agenda yng nghyfarfod y Pwyllgor Archwilio blynnyddol.</p> <p>Hefyd, ac fel rhan o broses ofynnol Awdurdod Atal Twyll y GIG, mae disgwyl i'r Corff lechyd lenwi a chyflwyno Offeryn Hunan Adolygu (SRT) sy'n manylu'r lefelau a gyrhaeddir o'i gymharu â'r Safonau unigol ar atal twyll, llwgrwobrwyo a llygredd.</p>
1.6	<p>Mae'r sefydliad yn sicrhau bod gan y rheini sy'n cyflawni gwaith ar atal twyll, llwgrwobrwyo a llygredd yr holl offerynnau a'r adnoddau sydd eu hangen arnynt i'w helpu i gyflawni eu rôl yn effeithiol, yn effeithlon ac yn brydlon. Mae hyn yn cynnwys (ond nid yw'n gyfyngedig i) mynediad i systemau TG a storfa ddiogel.</p>	GWYRDD	<p>Ddiwedd 2019/20, symudodd yr Arbenigwyr Atal Twyll Lleol (LCFS) i swyddfeydd pwrpasol sy'n cynnwys cyfleusterau i gynnal cyfweiliadau o dan rybudd, ynghyd ag ystafell storio ddiogel, sy'n galluogi cofnodion, gan gynnwys deunydd cyfrinachol, i gael eu gadw'n ddiogel mewn lleoliad dan glo.</p>

1.7	Mae'r sefydliad yn sicrhau bod y llwybrau cyfathrebu rhwng y rheini sy'n gyfrifol am waith atal twyll, llwgrwobrwyo a llygredd a grwpiau o staff a rheolwyr pwysig eraill o fewn y sefydliad yn rhai effeithiol, gan gynnwys, (ond nid yn gyfyngedig i) yr adran archwilio, risg, cyllid, cyfathrebu ac adnoddau dynol. Mae yna dystiolaeth o ganlyniadau positif yn sgil y math hwn o gyfathrebu.	GWYRDD	Mae gan yr LCFS fynediad at grwpiau o staff o fewn y Corff lechyd gan gynnwys, ond nid yn gyfyngedig i, Aelodau'r Bwrdd, Cadeirydd y Pwyllgor Archwilio, Aelodau Annibynnol ac Uwch Weithredwyr, gan gynnwys cefnogaeth lwyr Cyfarwyddwr Cyllid y Bwrdd lechyd.
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## Hysbysu a Chynnwys

Rhif	Safon	Sgôr	Sylwadau
2.1	Mae gan y sefydliad raglen o waith parhaus i godi ymwybyddiaeth o dwyll, llwgrwobrwyo a llygredd. Dylai hyn gynnwys Llinell Adrodd Twyll a llygredd Awdurdod Atal Twyll y GIG a rôl yr arbenigwr atal twyll achrededig. Gellir cyflwyno'r cynnwys ar ffurf cyflwyniadau, newyddlenni, taflenni, poster, tudalennau'r fewnwyd, deunyddiau cynefino i staff newydd, e-byst a chyfryngau eraill, gan ddefnyddio pecyn cymorth ymwybyddiaeth twyll NHSCFA fel sy'n briodol. Caiff effeithiolrwydd ymwybyddiaeth y rhaglen ei fesur.	OREN	Dim ond yn hanner olaf 2018/19 cafodd y Bwrdd lechyd ei sefydlu. Fodd bynnag, er y cynhaliwyd rhywfaint o sesiynau ymwybyddiaeth, yn dilyn trafodaethau a chytuno ar y DOF Interim, cytunwyd ar raglen gychwynnol i godi ymwybyddiaeth fel rhan o gynllun gwaith Blyneddol Atal Twyll a bydd nawr yn parhau i gael ei ddatblygu fel rhan o'r gwaith parhaus i gytuno arno ar gyfer cynllun gwaith 2020/21.
2.2	Mae polisi atal twyll, llwgrwobrwyo a llygredd yn dilyn cyfarwyddyd strategol NHSCFA, sy'n rhoi cyhoeddusrwydd i Linell Adrodd Twyll ac Anonestrwydd NHSCFA ac offeryn adrodd ar-lein, ac mae wedi cael ei gymeradwyo gan y corff gweithredol neu'r tîm rheoli uwch. Caiff y polisi ei adolygu, ei werthuso a'i ddiweddarau fel bo'r angen, a caiff lefelau o ymwybyddiaeth staff ei fesur.	GWYRDD	Mae gan y Corff lechyd bolisi ar waith sydd wedi cael ei gymeradwyo ac sy'n cynnwys manylion rolau a chyfrifoldebau unigolion pe deir o hyd i/fe amheuir achos o dwyll.

2.3	<p>Mae'r sefydliad yn cydweithio â sefydliadau ac asiantaethau eraill (gan gynnwys yr heddlu, awdurdodau lleol, cyrff rheoliadol a phroffesiynol) i helpu i atal twyll, llwgrwobrwyo a llygredd. Mae'r holl gydweithio yn cydymffurfio â deddfwriaeth berthnasol, fel Deddf Diogelu Data 1998 / Rheoliad Diogelu Data Cyffredinol (GDPR) a chyda pholisïau sefydliadol perthnasol.</p>	GWYRDD	<p>Fel rhan o'r CLG y cytunwyd arno, byddai tystiolaeth yn cynnwys e-byst, nodiadau cyfarfod, ffeiliau achos a thaflenni cynnydd a bydd yr LCFS wedi cydweithio â rhanddeiliaid pwysig, yn allanol ac yn fewnol. Mae'r cysylltiadau hyn yn cynnwys, ond nid yn gyfyngedig i, yr Heddlu, CFS Cymru, y Gwasanaethau Talu, Awdurdodau Lleol a'r adrannau Archwilio Lleol ac Allanol.</p>
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2.4	Mae gan y sefydliad god ymddygiad y cydymffurfir yn llwyr ag ef sy'n cynnwys cyfeiriad at dwyll, llwgrwobrwyo a llygredd a gofynion Deddf Llwgrwobrwyo 2010. Mae effeithlonrwydd rhoi'r broses ar waith ac ymwybyddiaeth y staff o ofynion y cod ymddygiad yn cael ei asesu'n rheolaidd.	GWYRDD	Mae'r Corff Iechyd wedi rhoi ar waith Safonau Ymddygiad sy'n cynnwys Datganiadau o Ddiddordeb, Rhoddion, Lletygarwch a Nawdd ac mae'n amlinellu rolau a chyfrifoldebau staff ac yn monitro camau gweithredu. Yna, caiff adroddiad o unrhyw Ddatganiadau o Ddiddordeb a Rhoddion a Lletygarwch ei gynhyrchu a'i gyflwyno i'r Pwyllgor Archwilio pob chwarter a hynny gan Ysgrifennydd y Bwrdd Iechyd a'r tîm sy'n gyfrifol am adolygu a goruchwyllo'r broses.
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## Atal a Rhwystro

Rhif	Safon	Sgôr	Sylwadau
3.1	Mae'r sefydliad yn adolygu polisïau a gweithdrefnau newydd a chyfredol gan ddefnyddio adroddiadau archwilio, adroddiadau terfynu archwiliadau a chyfarwyddiadau gan NHSCFA ac NHS CFS Cymru, er mwyn sicrhau y cynhwysir mesurau atal twyll, llwgrwobrwyo a llygredd. Mae hyn yn cynnwys (ond nid yw'n gyfyngedig i) polisïau a gweithdrefnau adnoddau dynol, rheolau sefydlog, cyfarwyddiadau ariannol sefydlog, a pholisïau cyllid a gweithredol eraill. Mae'r sefydliad yn gwerthuso llwyddiant y mesurau o ran lleihau twyll, llwgrwobrwyo a llygredd, lle darganfyddir bod risgiau.	GWYRDD	Mae Polisïau a/neu Gweithdrefnau'r Corff Iechyd yn cael eu hadolygu'n rheolaidd lle mae yna gyfeiriad at Dwyll, Llwgrwobrwyo a/neu Lygredd. Byddai dogfennau o'r fath yn gofyn am gael eu "llofnodi" gan y Rheolwr Atal Twyll fel rhan o'r broses adolygu. Unwaith y cânt eu cymeradwyo, gellir rhannu'r dogfennau gyda'r Corff Iechyd a hefyd eu rhoi ar y fewnwyd a'r wefan.
3.2	Mae'r sefydliad yn defnyddio gwybodaeth berthnasol i nodi anghysonderau allai ddangos achosion o dwyll, llwgrwobrwyo a llygredd ac yn cymryd y camau gweithredu priodol, gan gynnwys ymarferion rhagweithiol, i fynd i'r afael â hwy. Gellir cynnwys gwybodaeth berthnasol (ond nid yw'n gyfyngedig i) adroddiadau archwilio mewnol ac allanol, tystiolaeth o waith gofal sylfaenol, gwybodaeth am all gleifion, argymhellion mewn adroddiad archwilio a gwybodaeth gan y gyflogres. Gweithredir ar y canfyddiadau yn brydlon.	GWYRDD	Fel rhan o'r trefniadau cydweithio y cytunwyd arnynt gyda Archwilio Mewnol Partneriaeth Cydwasaethau GIG Cymru (NWSSP) cytunwyd a nodwyd fformat riportio o unrhyw amheuaeth o dwyll. Hefyd, mae unrhyw wendidau yn y system yn cael eu cynnwys yn yr adroddiadau Archwilio Mewnol unigol a gyflwynir yng nghyfarfodydd y Cyfarfodydd Archwilio. Hefyd, y Prif Arbenigwyr Atal Twyll Lleol yw Prif Gyswilt y Corff Iechyd fel rhan o'r Fenter Twyll Genedlaethol a gynhelir bob dwy flynedd.

3.3	<p>Mae'r sefydliad yn cyflwyno, rhoi ar waith ac yn cydymffurfio â holl fwletinau, canllawiau atal a rhybuddion twyll, llwgrwobrwyo a llygredd priodol NHSCFA neu NHS CFS Cymru.</p> <p>Hefyd, mae'r sefydliad yn rhoi rhybuddion twyll, llwgrwobrwyo a llygredd lleol i'r holl staff perthnasol yn dilyn Gwybodaeth, Bwletinau a Rhybuddion NHSCFA. Mae gan y sefydliad system lle mae'n dilyn i fyny gydag adolygiadau er mwyn sicrhau ei bod yn parhau i fod yn wylidwrs a sicrhau y cymerir yr holl gamau gweithredu priodol.</p>	GWYRDD	<p>Mae'r Corff Iechyd yn rhagweithiol yn y ffordd y mae'n nodi ac yn mynd i'r afael ag unrhyw wendidau yn y system. Mae problemau o'r fath yna'n cael eu hadrodd a chaiff unrhyw argymhellion a wneir eu rhoi ar waith er mwyn sicrhau eu bod yn lleddfu unrhyw wendidau a nodwyd. Hefyd, mae'r LCFS yn defnyddio cronfa ddata FIRST i recordio unrhyw wendidau yn y system ar ran y Corff Iechyd. Mae'r LCFS hefyd yn cymryd camau positif i ddosbarthu unrhyw Rybuddion Twyll a dderbynnir gan Awdurdod Atal Twyll y GIG a/neu Arbenigwyr Atal Twyll GIG (Cymru) i'r holl brif randdeiliaid</p>
3.4	<p>Mae'r sefydliad yn sicrhau y cynhelir lefel priodol o wiriad cyn-cyflogaeth ar gyfer staff newydd, fel yr argymhellir gan Gyflogwyr y GIG, cyn dechrau ar eu swydd o fewn y sefydliad. Ceisir sicrwydd gan unrhyw asiantaethau cyflogaeth a ddefnyddir bod y staff a ddarparant wedi cael eu fetio a'u gwirio'n briodol, yn unol â chanllawiau NHS CFS Cymru, Cyflogwyr y GIG a'r Swyddfa Gartref.</p>	GWYRDD	<p>Tra bo'r Corff Iechyd yn parhau i fod yn sefydliad gweddol newydd, dengys tystiolaeth bod unrhyw gangymeriadau gyda gwiriadau cyn-cyflogaeth (e.e. Cymwysterau Addysg neu DBS anffafriol) yn cael ei gyfeirio i'r LCFS yn unol â'r broses y cytunwyd arni ar gyfer archwiliad pellach.</p>
3.5	<p>Mae gan y sefydliad brosesau cymesur ar waith ar gyfer atal, osgoi a datgelu twyll, llwgrwobrwyo a llygredd mewn caffael.</p>	GWYRDD	<p>Mae'r LCFS eisoes â dull o weithio wedi'i dargedu er mwyn sicrhau bod y mater hwn yn cael ei drafod yn llawn wrth gynnal sesiynau ymwybyddiaeth twyll. Mae yna hefyd ddull gwirio y cytunir arno ar waith yn unol â Phartneriaeth Cydwasaethau GIG Cymru fel bo modd sicrhau bod y Gwasanaethau Caffael yn diwallu'n llawn y safon yn ystod pob cam o'r broses gaffael, tendro neu archebu.</p>

3.6	Mae gan y sefydliad brosesau cymesur ar waith ar gyfer atal, rhwystro a datgelu twyll, llwgrwobrwyo a llygredd gydag anfonebau, gan gynnwys cymodi, rhannu dyletswyddau, prosesau ar gyfer newid manylion banc y cyflenwr ac archwilio cynyrchiadau/nwyddau.	GWYRDD	Mae Partneriaeth Cydwasnaethau GIG Cymru yn gyfrifol am sicrhau bod y gweithdrefnau priodol ar waith ledled GIG Cymru. Caiff unrhyw rybuddion posibl, a gaiff eu cyhoeddi gan CFS (Cymru) eu hanfon at y rhanddeiliaid allweddol perthnasol o fewn y Corff Iechyd ynghyd ac at Rheolwyr Talu Cyfrifon NWSSP er mwyn sicrhau bod rhaniad clir o ddyletswyddau hefyd yn bodoli.
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## Dwyn i Gyfrif

Rhif	Safon	Sgôr	Sylwadau
4.1	Mae'r sefydliad yn sicrhau bod y system rheoli achosion yn cael ei defnyddio i adrodd yr holl adroddiadau yr amheuir o dwyll, llwgrwobrwyo a llygredd, er mwyn hysbysu gwybodaeth a gedwir yn genedlaethol gan NHSCFA ac NHS CFS Cymru. Hefyd, defnyddir y system rheoli achosion i recordio unrhyw wendidau yn y system a nodir yn ystod archwiliadau a/neu ymarferion atal a datgelu rhagweithiol.	GWYRDD	Mae'r system FIRST yn casglu ac yn rhannu gwybodaeth ynghyd â rheoli achosion a ddarperir gan Awdurdod Atal Twyll y GIG i helpu'r sefydliad i reoli ymholiadau ynghylch atgyfeiriadau, gwybodaeth a thwyll. Mae Arbenigwyr Atal Twyll Achrededig yn defnyddio'r system i sicrhau eu bod yn cydymffurfio â Deddf Gweithdrefnau ac Ymchwiliadau Troseddol 1996 (CPIA) ac yna caiff FIRST ei diweddarau yn rheolaidd ac o fewn amserlenni, gan recordio'r holl wybodaeth briodol yn ôl canllawiau Awdurdod Atal Twyll y GIG a gyhoeddwyd eisoes.

4.2	<p>Mae'r sefydliad yn defnyddio system reoli achosion i helpu ac i symud archwiliadau ynghylch honiadau o dwyll, llwgrwobrwyo a llygredd ymlaen, yn unol â chanllawiau NHSCFA.</p>	GWYRDD	<p>Caiff ffeiliau eu diweddau o fewn yr amserlenni angenrheidiol. Mae'r holl wybodaeth briodol yn cael ei recordio ac mae achosion yn cael eu hadnabod er mwyn eu cau yn briodol. Mae Rheolwr Gweithredu (Cymru) Arbenigwyr Atal Twyll y GIG yn adolygu'r wybodaeth ar FIRST yn rheolaidd er mwyn sicrhau bod gwybodaeth briodol yn cael ei recordio yn amserol ac yn cael ei defnyddio i nodi unrhyw achosion sydd angen eu harchwilio ymhellach neu ffeiliau i'w cau. Mae hyn yn sicrhau bod, os oes yna doriad wedi bod mewn gweithgaredd yn yr achos, y gellir nodi'r rheswm i'w recordio er mwyn sicrhau eu bod yn cydymffurfio â threfn briodol a gofynion deddfwriaethol.</p>
4.3	<p>Mae'r sefydliad yn dangos ymrwymiad i fynd ar drywydd, a/neu gefnogi NHSCFA a NHS CFS Cymru yr amrywiaeth lawn o gosbau sydd ar gael (troseddol, sifil, disgyblaethol a rheoliadol) yn erbyn y rheini sy'n euog o dwyll, llwgrwobrwyo neu lygredd yn y sectorau gofal sylfaenol ac eilaidd fel y'i nodir yng nghanllawiau NHSCFA ac yn dilyn cyngor Rheolwr Gweithredol ar Dwyll NHS CFS Cymru.</p>	GWYRDD	<p>Mae gan y Corff lechyd ganllawiau ar waith ar ffurf ei Bolisi Atal Twyll, Llwgrwobrwyo a Llygredd. Mae'n amlinellu'r gweithdrefnau, safbwynt y sefydliad ar dwyll a'r camau y byddai'r Corff lechyd yn cymryd wrth fynd ar drywydd cosbau perthnasol (e.e. troseddol, sifil a/neu ddisgyblaethol).</p>
4.4	<p>Mae'r sefydliad yn cyflawni datganiadau tystion sy'n dilyn arfer da ac yn cydymffurfio â chanllawiau cenedlaethol.</p>	GWYRDD	<p>Mae datganiadau tystion yn cydymffurfio'n llwyr â'r <i>National File Standards</i> ac unrhyw ganllawiau perthnasol a gyhoeddir.</p>



4.5	Cynhelir cyfweiliadau o dan rybudd yn unol â Safonau Galwedigaethol Cenedlaethol (CJ201.2) a Deddf yr Heddlu a Thystiolaeth Droseddol 1984.	GWYRDD	Mae pob cyfweiliad o dan rybudd yn cydymffurfio'n llwyr â'r canllawiau a gyhoeddir, CF201.2 a Deddf yr Heddlu a Thystiolaeth Droseddol 1984 (PACE). Caiff y rhybudd ei egluro'n briodol ac mae yna ddealltwriaeth glir o reoli'r sgwrs a dewis cwestiynau a ddefnyddir mewn perthynas ag unrhyw honiadau a wneir. Mae dod a'r cyfweiliad i ben yn cynnwys crynodeb o'r trafodaethau a gynhaliwyd. Yn ddiweddar, cafodd y broses angenrheidiol ei diweddarau fel rhan o sesiynau a gyflawnwyd gan staff hyfforddi Awdurdod Atal Twyll y GIG.
4.6	Mae'r sefydliad yn ceisio adfer, a/neu yn cefnogi'r NHSCFA a NHS CFS Cymru i geisio adfer cronfeydd y GIG wedi cael mynd ar goll neu a ddargyfeiriwyd oherwydd twyll, llwgrwobrwyo a llygredd, yn dilyn asesiad o debygolrwydd a hyfywedd ariannol yr adferiad. Mae'r sefydliad yn cyhoeddi manylion achosion lle llwyddwyd i adfer cyllid y GIG yn llwyddiannus.	GWYRDD	Fel rhan o'r Cytundeb Lefel Gwasanaeth, mae gan y Corff Iechyd Bolisi Atal Twyll a Llygredd sy'n amlinellu'n glir y prosesau adfer a ddilynir werth geisio lawndal. Caiff yr adferiad ei fonitro gan y Corff Iechyd er mwyn sicrhau adferiad llwyr ac yna cymerir camau pellach yn erbyn unrhyw amddiffynnydd pe byddai'n methu â gwneud taliadau. Yn ogystal â'r adferiadau hyn, bydd NHS CFS (Cymru) yn helpu gyda'r adferiad sifil ar ran y sefydliad.



**GIG**  
CYMRU  
**NHS**  
WALES

Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

<b>Dyddiad Cyfarfod</b>	<b>23 Mehefin 2020</b>	<b>Eitem Agenda</b>	<b>2.2</b>
<b>Teitl Adroddiad</b>	<b>Adroddiad Atebolrwydd 2019-20</b>		
<b>Awdur Adroddiad</b>	Dafydd Bebb, Ysgrifennydd y Bwrdd		
<b>Noddwr Adroddiad</b>	Dafydd Bebb, Ysgrifennydd y Bwrdd		
<b>Cyflwynwyd gan</b>	Dafydd Bebb, Ysgrifennydd y Bwrdd		
<b>Rhyddid Gwybodaeth</b>	Agored		
<b>Pwrpas yr Adroddiad</b>	I osod allan Adroddiad Atebolrwydd AaGIC am 2019/20		
<b>Materion Allweddol</b>	<ul style="list-style-type: none"> <li>Mae'r Adroddiad Atebolrwydd yn rhoi amlinelliad o raglen AaGIC mewn perthynas â threfniadau llywodraethu'r Bwrdd;</li> <li>Mae'r adroddiad atebolrwydd yn cynnwys tair prif adran: y Datganiad Llywodraethu Blynnyddol, yr Adroddiad ar Gydabyddiaeth a Staff ac Adroddiad Atebolrwydd ac Archwilio Cynulliad Cenedlaethol Cymru.</li> <li>Ystyriwyd fersiwn drafft o'r datganiad llywodraethu blynnyddol gan y Pwyllgor ar 1 Ebrill a 26 Mai. Fe'i datblygwyd ymhellach, yn dilyn derbyn sylwadau gan Aelodau'r Pwyllgor, Llywodraeth Cymru, Archwilio Cymru ac Archwilwyr Mewnol.</li> </ul>		
<b>Camau penodol sydd eu hangen (Rhowch un ✓ yn unig)</b>	<b>Gwybodaeth</b>	<b>Trafodaeth</b>	<b>Sicrwydd</b>
			<b>Cymeradwyo</b> ✓
<b>Argymhellion</b>	Gofynnir i Aelodau: <ul style="list-style-type: none"> <li>ystyried yr Adroddiad Atebolrwydd ac argymell ei gymeradwyo gan y Bwrdd yn ei gyfarfod ar 25 Mehefin.</li> </ul>		

## **ADRODDIAD ATEBOLRWYDD 2019-20**

### **1. CYFLWYNIAD**

Diben yr adroddiad hwn yw i osod allan Adroddiad Atebolrwydd AaGIC am 2019/20.

### **2. CEFNDIR**

Diben yr Adroddiad Atebolrwydd 2019/20 yw i'r swyddog atebol gyflwyno sut y mae wedi cyflawni ei rôl yn ystod y flwyddyn yn unol â'r llawlyfr ar gyfer cyfrifon a gyhoeddwyd gan Lywodraeth Cymru.

Bydd yr Aelodau'n sylwi bod y tair prif adran yn yr adroddiad atebolrwydd yn cynnwys; y Datganiad Llywodraethu Blynnyddol, yr Adroddiad ar Gynabyddiaeth a Staff ac Adroddiad Atebolrwydd ac Archwilio Cynulliad Cenedlaethol Cymru.

Ystyriwyd fersiwn drafft o'r datganiad llywodraethu blynnyddol gan y Pwyllgor ar 1 Ebrill a 26 Mai. Fe'i datblygwyd ymhellach, yn dilyn derbyn sylwadau gan Aelodau'r Pwyllgor, Llywodraeth Cymru, Archwilio Cymru ac Archwilwyr Mewnol.

Mae'n ofynnol i gyrff y GIG gyhoeddi, fel un ddogfen, mewn tri rhan

Adroddiad Blynnyddol a Chyfrifon sy'n cynnwys:

1. yr Adroddiad Perfformiad;
2. yr Adroddiad Atebolrwydd; a
3. y Datganiadau Ariannol.

Adran 2 yw testun y papur hwn.

### **3. MATERION LLYWODRAETHU A RISG**

Yn ôl y Llawlyfr Cyfrifon, rhaid i'r adroddiad blynnyddol a'r cyfrifon "yn gyffredinol fod yn deg, yn gytbwys ac yn ddealladwy ac mae'r swyddog atebol yn cymryd cyfrifoldeb personol drosto a'r dyfarniadau sydd eu hangen ar gyfer penderfynu ei fod yn deg, yn gytbwys ac yn ddealladwy". Rhaid i'r swyddog atebol hefyd lofnodi a dyddio'r holl adrannau perthnasol o'r adroddiad.

### **4. GOBLYGIADAU ARIANNOL**

Nid oes unrhyw oblygiadau ariannol. Ystyrir bod llunio'r adroddiad blynnyddol yn fater creiddiol i AaGIC.

## 5. ARGYMHELLION

Gofynnir i Aelodau ystyried yr Adroddiad Atebolrwydd ac argymell ei gymeradwyo gan y Bwrdd yn ei gyfarfod ar 25 Mehefin.

<b>Llywodraethu a Sicrwydd</b>			
<b>Cyswllt ag amcanion strategol yr IMTP (✓ogydd)</b>	<b>Amcan Strategol 1:</b> Arwain y gwaith o gynllunio, datblygu a sicrhau gweithlu cymwys, cynaliadwy a hyblyg i helpu i gyflawni 'Cymru Iachach'	<b>Amcan Strategol 2:</b> Gwella ansawdd a hygyrchedd addysg a hyfforddiant i'r holl staff gofal iechyd gan sicrhau ei fod yn diwallu anghenion y dyfodol	<b>Amcan Strategol 3:</b> Gweithio gyda phartneriaid i ddylanwadu ar newid diwylliannol o fewn GIG Cymru drwy feithrin gallu i arwain yn dosturiol ac ar y cyd ar bob lefel
	✓	✓	✓
	<b>Nod Strategol 4:</b> I ddatblygu'r gweithlu i gefnogi'r gwaith o gyflawni diogelwch ac ansawdd	<b>Nod Strategol 5:</b> Bod yn gyflogwr enghreifftiol ac yn lle gwych i weithio	<b>Nod Strategol 6:</b> I gael ein cydnabod fel partner rhagorol, yn ddylanwadwr ac arweinydd
	✓	✓	✓
<b>Ansawdd, Diogelwch a Phrofiad y Claf</b>			
Amherthnasol			
<b>Goblygiadau Ariannol</b>			
Nid oes unrhyw oblygiadau ariannol.			
<b>Goblygiadau Cyfreithiol (gan gynnwys asesiad o gydraddoldeb ac amrywiaeth)</b>			
Mae cwblhau'r Adroddiad Blynyddol yn ddyletswydd statudol i AaGIC.			
<b>Goblygiadau Staffio</b>			
Nid oes unrhyw oblygiadau staffio.			
<b>Goblygiadau Tymor Hir (gan gynnwys effaith Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015)</b>			
Amherthnasol.			
<b>Hanes yr Adroddiad</b>	bod y Pwyllgor Archwilio wedi ystyried fersiwn ddrafft ar 1 Ebrill a'r 26ain Mai		
<b>Atodiadau</b>	y Datganiad Llywodraethu Blynyddol (Atodiad 1), yr Adroddiad ar Gynabyddiaeth a Staff ac (Atodiad 2) Cynulliad Cenedlaethol Cymru Atebolrwydd ac Archwilio Adroddiad (Atodiad 3)		



**GIG**  
CYMRU  
**NHS**  
WALES

Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

# **DRAFT CORPORATE GOVERNANCE REPORT 2019/2020**

Signed: Alex Howells .....  
(Chief Executive)

Date: .....

## **Annual Governance Statement for the Period Ended 31 March 2020**

### **1. Scope of Responsibility**

The Board of Health Education Improvement Wales (HEIW) is accountable for governance, risk management and internal control. The Chief Executive (CEO) has responsibility for maintaining appropriate governance structures and procedures, as well as a sound system of internal control which support the achievement of the organisation's policies, aims and objectives, whilst also safeguarding public funds and the organisation's assets, for which the CEO is personally responsible. These are carried out in accordance with the responsibilities assigned to the CEO as Accountable Officer by the Chief Executive of NHS Wales.

At the time of preparing this Annual Governance Statement the Special Health Authority and the NHS in Wales are facing unprecedented and increasing pressure in planning and providing services in response to COVID-19, while also planning to resume other activity where this has been impacted.

The required response has meant that whole organisation has had to work differently both internally and externally and with our staff, partners and stakeholders. It has been necessary to revise some elements of the way that governance and the operational framework is discharged. In recognition of this, Dr Andrew Goodall, Director General of Health and Social Services Wales, wrote to all NHS Chief Executives in Wales, regarding "COVID-19-Decision making and financial guidance". The letter recognised that organisations would be likely to make potentially difficult decisions at pace, and without a firm evidence base, or the support of key individuals, which under normal operating circumstances would be available. Nevertheless, the organisation is still required to demonstrate that decision making has been efficient and will stand the test of scrutiny with respect to compliance with managing Welsh public money and demonstrating Value for Money after the COVID-19 crisis has abated and the organisation returns to more normal operating conditions.

The main impact on HEIW's governance process during this crisis period has been the suspension of open Board and Committee meetings being held in public. These meetings have continued to be held in accordance with our original timetable but held virtually through video conferencing technology. To support virtual meeting agendas have become more streamlined and focussed on supporting the response to COVID-19. There have been no other material changes to HEIW's normal decision making process.

Where relevant HEIW's actions taken in response to COVID-19 have been explained within this Annual Governance Statement.

The background to HEIW, its functions, 2019/20 Annual Plan and Remit Letter objectives are set out in the Performance Report.

This Annual Governance Statement explains the composition and organisation of HEIW's governance structures and how they support the achievement of our objectives.

During 2019/20 we have continued to develop our system of governance and assurance. Our Board Assurance Framework (BAF) was approved by the Board in September. We will continue to evolve our BAF in 2020/21 through implementing the recommendations arising from Audit Wales' Structured Assessment.

The Board sits at the top of our governance and assurance system. It sets strategic objectives, monitors progress, agrees actions to achieve these objectives and ensures appropriate controls are in place and working properly. The Board also takes assurance from its committees and assessments and against professional standards and regulatory frameworks.

## 1.1 Our System of Governance and Assurance

Through engagement with staff, stakeholders and partners in 2018, we developed and agreed our vision: "**Transforming the workforce for a healthier Wales**". We continue to deliver this vision using our PEOPLE principles as outlined below:

<b>P</b>	<b>Planning</b> ahead to predict and embrace changes and build a sustainable health and social care system
<b>E</b>	<b>Educating</b> , training and developing staff to meet the needs of patients and citizens in line with prudent healthcare principles
<b>O</b>	<b>Offering opportunities</b> for development to new and existing staff from all professional and occupational groups throughout career pathways
<b>P</b>	<b>Partnership working</b> to increase value for our citizens, patients, learners and staff
<b>L</b>	<b>Leading</b> the way, through continuous learning, improvement and innovation
<b>E</b>	<b>Exciting, Enthusing, Engaging, Enabling and Empowering</b> staff across all professional and occupational groups

With our staff we also developed and agreed our values in 2018:

- **Respect for all**
- **Together as a Team**
- **Ideas that Improve**

These values are supported by a Values and Behaviours Framework introduced in 2018-19, and together these set out clearly the expectations on all staff and the way we work.

HEIW, in line with all Health Boards and Trusts in Wales, has agreed standing orders for the regulation of proceedings and business of the organisation. These are designed to translate the statutory requirements set out in the HEIW

(Establishment and Constitution) Order 2017 into day to day operating practice. Together with the adoption of a scheme of matters reserved to the Board; a scheme of delegation to officers and others; and standing financial instructions, they provide the regulatory framework for the business conduct of HEIW and define its 'ways of working'. These documents, together with the range of corporate policies set by the Board, make up the Governance and Assurance Framework.

HEIW's Declarations of Interest and Standards of Behaviour Policy was rolled out across the organisation in 2018-19. Work has continued during 2019/20 in respect of communication to further embed this to better manage any conflicts of interest that might arise for our Board members and staff.

## **1.2 The Role of the Board**

The Board has been constituted to comply with the *Health Education and Improvement Wales Regulations 2017*. In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Independent Members also fulfil a number of Champion roles where they act as ambassadors (see Table 1).

Three of our Independent Members were recently re-appointed. Tina Donnelly was re-appointed for a term of 4 years from 1 February 2020 taking her term of office to 31 January 2024. Dr Heidi Phillips was re-appointed for a term of three years from 1 February 2020 taking her term of office to 31 January 2023. John Hill-Tout was re-appointed for a term of 2 years from 1 February 2020 taking his term of office to 31 January 2022.

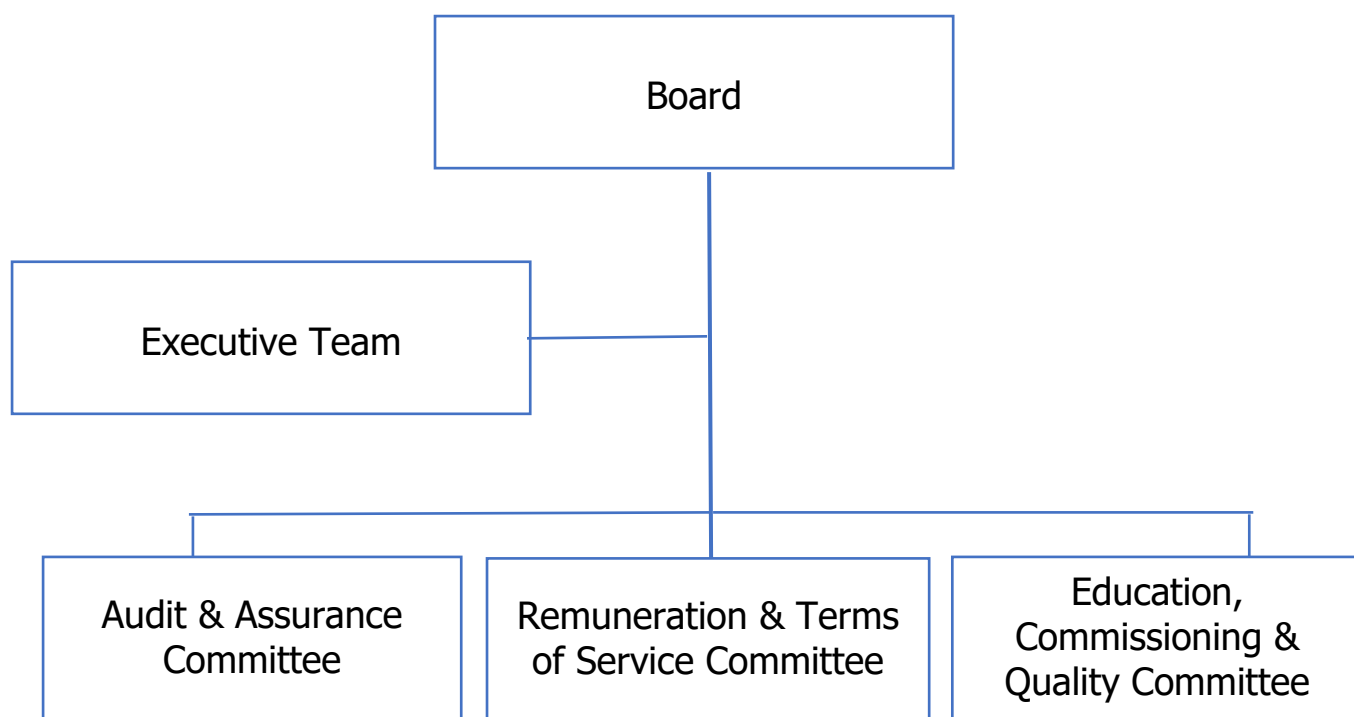
The new national programme of induction for Board Members, facilitated by Academi Wales, was established in 2019. Three of HEIW's Independent Members attended the first induction programme in December 2019.

During 2019/20 several board development sessions were undertaken which included a focus on the following elements of governance:

- Performance Management Framework;
- Quality and Engagement Bill;
- Board and Committees' Governance Arrangements entitled 'Future Ways of Working';
- Regulation – GMC;
- Risk Appetite;
- Upholding Professional Standards for Independent Board Members;
- Self-Assessment of Quality Governance Arrangements in response to the Health Inspectorate Wales (HIW) and Audit Wales (AW) Joint Review at Cwm Taf Morgannwg UHB

The full membership of the Board, their lead roles and committee responsibilities are outlined in Table 1. Below is a summary of the Board and Committees structure:





The Board provides leadership and direction to the organisation and has a key role in ensuring the organisation has sound governance arrangements in place. The Board also seeks to ensure the organisation has an open culture and high standards when conducting its work. Together, Board members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation. All the meetings of the Board during 2019/20 were appropriately constituted with a quorum. The key business and risk matters considered by the Board during 2019/20 are outlined in this statement and further information can be obtained from meeting papers available on our website: <https://heiw.nhs.wales/corporate/board-meetings-agendas-and-papers/>.

### **1.3 Committees of the Board**

The Board has established three committees, the Audit and Assurance Committee, Remuneration and Terms of Service Committee and the Education Commissioning and Quality Committee. These committees are chaired by the Chair or Independent Members of the Board and have key roles in relation to the system of governance and assurance, decision making, scrutiny and in assessing current risks. The committees provide assurance and key issue reports to each Board meeting to contribute to the Board's assessment of assurance and to provide scrutiny on the delivery of objectives.

The Board is responsible for keeping the committee structure under review. Following the establishment of the Education Commissioning and Quality Committee a review was undertaken of HEIW's standing orders. The review entitled 'Future Ways of Working' focussed on the roles of the Board and its committees to ensure that decision making was taken at the appropriate level and to avoid any gaps in the governance structure. The paper on Future Ways

of Working was approved at September Board and the Standing Orders were updated to reflect the findings of the paper in November. The Board will consider whether any changes are needed during 2020/2021 in line with the Board's governance framework and priorities of the Integrated Medium Term Plan (IMTP) 2020/23.

HEIW is committed to openness and transparency with regard to the way in which it conducts its committee business. The HEIW Board and its committees aim to undertake the minimum of its business in closed sessions and ensure business wherever possible is considered in public with open session papers published on HEIW's website. <https://heiw.nhs.wales/corporate/board-meetings-agendas-and-papers/>

The closed session elements of Board and committee meetings are undertaken because of the confidential nature of the business. Such confidential issues may include commercially sensitive issues, matters relating to personal issues or discussing plans in their formative stages.

An important committee of the Board in relation to this Annual Governance Statement is the Audit and Assurance Committee. The Committee keeps under review the design and adequacy of HEIW's governance and assurance arrangements and its system of internal control. During 2019/20, key issues considered by the Audit and Assurance Committee relating to the overall governance of the organisation included:

- Reviewing its terms of reference, which will be kept under regular review;
- Approving the Internal Audit Plan for 2019/20 and keeping under review the resulting Internal Audit Reports. Noting key areas of risk and tracking the management responses made to improve systems and organisational policies;
- Ensuring effective financial systems and controls procedures are in place;
- Developing the Board's risk management systems and processes;
- Developing arrangements to work with Audit Wales (AW), and considering, the 2019 Structured Assessment and AW's 2020 Audit Plan; and
- Providing assurance to the Board in respect of Information Management and Information Governance.

The Committee provides an annual report of its work to the Board and it will undertake a self-assessment for 2019/20 in July 2020. A questionnaire based on the National Audit Office Audit and Risk Committee Checklist has been developed and circulated to committee members and attendees. Respondents will include representatives from AW and Internal Audit. If required, an action plan will be developed.

The Remuneration and Terms of Service Committee considers and recommends salaries, pay awards and terms and conditions of employment for the Executive Team and other key senior staff. During 2019/20 key issues considered by the Remuneration and Terms of Service Committee relating to the overall governance of the organisation included:

- Performance of Executive Directors against individual objectives
- Independent member objectives
- National pay awards for members of staff
- Retire and return of senior staff
- NHS Pensions flexibility
- Secondment agreements

In March 2019, the Board approved the establishment of the Education, Commissioning and Quality Committee to enable the Board to undertake greater scrutiny in respect of commissioning, monitoring and quality assessing of education and training. Greater scrutiny will enable HEIW to manage and mitigate risk. The Committee held its first meeting in May 2019 and has considered the following key matters in 2019/20:

- Reviewed its own terms of reference upon establishment;
- Reviewed the draft NHS Wales Education, Commissioning and Training Plan for 2020/21 and recommended the Plan for approval at the HEIW Board in July 2019;
- Reviewed the outcome of the KPMG Strategic Review of Health Professional Education and its 22 recommendations;
- Ensured the effective management and improvement of the quality of HEIW's education and related research activities;
- Ensured the effective performance, monitoring, management and value of education and training programmes and contracts;
- Monitored compliance of education and training activities;
- Provided assurance in respect of risk areas within its area of responsibility and highlighted material areas of concern to the Audit and Assurance Committee.

The Committee will undertake a self-assessment for 2019/20. An evaluation of the results of the self-assessment will be considered by the Committee at its meeting in July 2020.

#### **1.4 Membership of the Board and its Committees**

In Table 1 the membership of the Board and its committees is outlined for the period ending 31 March 2020, along with attendance at Board and Committee meetings for this period. It also highlights the membership of the Board's committees. Members are involved in a range of other activities on behalf of the Board, such as regular board development/briefing meetings, and a range of other internal and external meetings.

Any proposed changes to the structure and membership of Board committees requires Board approval. Each committee has considered its own terms of reference and recommended changes to the Board. The Board will ensure that terms of reference for each committee are reviewed annually to ensure the work of committees clearly reflects any governance requirements,

changes to delegation arrangements or areas of responsibility. Committees are also be required to develop annual reports of their business and activities.

In January, the Education Commissioning and Quality Commission approved the establishment of two advisory groups, the Internal Multi-Professional Education Group (IMPEG) and the External Education Group (EEG).

### **1.5 Suspension of Board and Committee meetings being held in public due to COVID-19**

In accordance with the Public Bodies (Admissions to Meetings) Act 1960 the organisation is required to meet in public. As a result of the public health risk linked to the pandemic the UK and Welsh Governments stopped public gatherings of more than two people. It has therefore not been possible to allow the public to attend meetings of our Board and Committees since 26 March 2020. To ensure business was conducted in as open and transparent manner as possible during this time the following actions were taken:-

- a Board or Committee briefing placed on HEIW's website within 48 hours of a meeting;
- Unconfirmed draft minutes of Board and Committee meetings placed on HEIW's website within 14 days of the meeting.

As the duration of the pandemic and the subsequent measures to be taken to mitigate the spread are not yet known it will be necessary to keep this under review.

**Table 1 - Board and Committee Membership and Attendance since 1 April 2019 to 31 March 2020:**

<b>Name</b>	<b>Position</b>	<b>Area of Expertise/ Representation Role</b>	<b>Board/ Committee Membership</b>	<b>Meeting Attendance 2019/2020</b>	<b>Champion Roles</b>
<i>Chris Jones</i>	<i>Chair</i>	<ul style="list-style-type: none"> <li>• Primary Care</li> <li>• Widening Access</li> <li>• Prevention</li> </ul>	<ul style="list-style-type: none"> <li>• Board (Chair)</li> <li>• RATS Committee (Chair)</li> </ul>	7/7 7/7	<ul style="list-style-type: none"> <li>• Welsh Language Champion</li> </ul>
<i>John Hill-Tout</i>	<i>Vice Chair</i>	<ul style="list-style-type: none"> <li>• Performance</li> <li>• Governance</li> <li>• Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Board</li> <li>• Audit and Assurance Committee</li> <li>• RATS Committee</li> </ul>	6/7 5/5  5/7	<ul style="list-style-type: none"> <li>• Primary Care</li> <li>• Mental Health Champion</li> </ul>
<i>Tina Donnelly</i>	<i>Independent member</i>	<ul style="list-style-type: none"> <li>• Leadership</li> <li>• Students</li> <li>• Workforce</li> <li>• Education/ Training</li> </ul>	<ul style="list-style-type: none"> <li>• Board</li> <li>• RATS Committee</li> <li>• Education, Commissioning and Quality Committee</li> </ul>	7/7 6/7  4/4	<ul style="list-style-type: none"> <li>• Student/ Trainee Champion</li> <li>• Equality and Diversity Champion</li> </ul>

<b>Name</b>	<b>Position</b>	<b>Area of Expertise/ Representation Role</b>	<b>Board/ Committee Membership</b>	<b>Meeting Attendance 2019/2020</b>	<b>Champion Roles</b>
<i>Ruth Hall</i>	<i>Independent member</i>	<ul style="list-style-type: none"> <li><i>Rural Education</i></li> <li><i>Quality and Improvement</i></li> </ul>	<ul style="list-style-type: none"> <li><i>Board</i></li> <li><i>Audit and Assurance Committee</i></li> <li><i>RATS Committee</i></li> <li><i>Education, Commissioning and Quality Committee (Chair)</i></li> </ul>	<i>7/7</i> <i>5/5</i>  <i>5/7</i>  <i>4/4</i>	<ul style="list-style-type: none"> <li><i>Rural Champion</i></li> </ul>
<i>Gill Lewis</i>	<i>Independent member</i>	<ul style="list-style-type: none"> <li><i>Health &amp; Social Care Workforce</i></li> </ul>	<ul style="list-style-type: none"> <li><i>Board</i></li> <li><i>Audit and Assurance Committee (Chair)</i></li> <li><i>RATS Committee</i></li> </ul>	<i>7/7</i> <i>4/5</i>    <i>7/7</i>	<ul style="list-style-type: none"> <li><i>Health &amp; Social Care Integration Champion</i></li> </ul>
<i>Ceri Phillips</i>	<i>Independent member</i>	<ul style="list-style-type: none"> <li><i>Workforce Design</i></li> <li><i>Value Agenda</i></li> <li><i>Digitalisation</i></li> </ul>	<ul style="list-style-type: none"> <li><i>Board</i></li> <li><i>RATS Committee</i></li> </ul>	<i>7/7</i> <i>6/7</i>	<ul style="list-style-type: none"> <li><i>Digital Champion</i></li> </ul>
<i>Heidi Phillips</i>	<i>Independent member</i>	<ul style="list-style-type: none"> <li><i>Integrated Care</i></li> <li><i>Improvement</i></li> <li><i>Widening access</i></li> <li><i>Education</i></li> <li><i>Training</i></li> </ul>	<ul style="list-style-type: none"> <li><i>Board</i></li> <li><i>RATS Committee</i></li> </ul>	<i>4/7</i> <i>5/7</i>	<ul style="list-style-type: none"> <li><i>Quality Improvement Champion</i></li> <li><i>Widening Access Champion</i></li> </ul>
<i>Alex Howells</i>	<i>Chief Executive</i>		<i>Board</i>	<i>6/7</i>	
<i>Julie Rogers</i>	<i>Deputy Chief Executive/ Director of Workforce and OD</i>		<i>Board</i>	<i>6/7</i>	
<i>Stephen Griffiths</i>	<i>Executive Director of Nursing</i>		<i>Board</i>	<i>5/7</i>	
<i>Pushpinder Mangat</i>	<i>Executive Medical Director</i>		<i>Board</i>	<i>7/7</i>	
<i>Eifion Williams</i>	<i>Director of Finance</i>		<i>Board</i>	<i>5/7</i>	

Please note the Director of Finance is the lead officer for the Audit and Assurance Committee. The Director of Workforce & Organisational Development is the lead officer for the Remuneration and Terms of Service Committee. The Medical Director and the Director of Nursing are the lead officers for the Education Commissioning and Quality Committee.

**Table 2**

Dates of board and committee meetings held during the period 1 April 2019 to 31 March 2020.

<b>Board/ Committee</b>	<b>Dates Meetings Held</b>						
<b>Board</b>	<b>30/05/19</b>	<b>18/07/19</b>	<b>26/09/19</b>	<b>28/11/19</b>	<b>19/12/19</b>	<b>30/01/20</b>	<b>26/03/20</b>
<b>Audit and Assurance Committee</b>	<b>13/05/19</b>	<b>29/05/19</b>	<b>15/07/19</b>	<b>22/11/19</b>	<b>27/01/20</b>		
<b>Education, Commissioning &amp; Quality Committee</b>	<b>16/05/19</b>	<b>01/07/19</b>	<b>21/10/19</b>	<b>16/01/20</b>			
<b>Remuneration and Terms of Service Committee</b>	<b>25/04/19</b>	<b>04/06/19</b>	<b>19/06/19</b>	<b>18/07/19</b>	<b>29/08/19</b>	<b>28/11/19</b>	<b>19/02/20</b>

The HEIW Local Partnership Forum (LPF) was formally established on 9 May 2019. Prior to this, informal engagement arrangements were in place with trade union representatives and matters discussed as and when appropriate. Representatives were heavily involved in the programme to establish HEIW and given the opportunity to take part on staff events and development sessions. This has continued since the establishment of HEIW. The LPF provides the formal mechanism for social partnership within HEIW as well as providing a vehicle for engagement, consultation, negotiation and communication between trade unions and HEIW management. During 2019/20 the LPF has met bi monthly and focussed on both strategic and practical issues including culture and organisational development, employment policies, equality & diversity, staff wellbeing and welfare. Some of our social partners have held events within Ty Dysgu as well as provided opportunities for staff to engage with their representatives.

## **2. The Purpose of the System of Internal Control**

HEIW Board's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks. It can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of policies, aims and objectives. It also evaluates the likelihood of those risks being realised and their impact, and to manage them efficiently, effectively and economically.

The system of internal control for HEIW continues to evolve. Our Board Assurance Framework (BAF) was approved by the Board in September 2019. We use the BAF system and process to monitor, seek assurance and ensure shortfalls are addressed through the scrutiny of the Board and its committees.

Key controls are defined as those controls and systems in place to assist in securing the delivery of the Board's strategic objective. The effectiveness of the system of internal control is assessed by our internal and external auditors.

A diagram of the Board Control Framework is set out overleaf.

# Health Education and Improvement Wales Board

## Control Framework

Leadership

Staff

Systems  
and  
Processes

Finances

Technology

### Controls and Assurance Mechanisms

#### High Quality Education

**Controls: evidenced within**

- Annual Plan
- Commissioning
- Equality Impact Assessment

**Assurance:** gained via

- Proposed Education Commissioning and Quality Committee
- Senior Leadership Team
- Annual Report and Annual Governance Statement
- Chairs Reports
- Visits and Inspections

#### Performance Management

**Controls:**

- Objectives and Appraisals
- Performance targets
- Performance Dashboards and monthly reporting
- Regular Performance and Quality reports

**Assurance:** gained via

- Escalation arrangements
- Audits, visits
- Executive Director and Senior Leadership Team meetings
- Audit and Assurance Committee
- Education Commissioning and Quality Committee
- Internal/External Audits

#### Risk Management

**Controls:**

- Risk management strategy and Policy
- Board Assurance Framework
- Corporate Risk Register
- Divisional Risk Register
- Reports to the Board, Senior Leadership Team and committees
- Policies and Procedures
- Scheme of Delegation

**Assurance:** gained via

- Escalation arrangements
- Internal/External Audits, visits
- Executive Director and Senior Leadership Team meetings
- Audit and Assurance Committee
- Education Commissioning and Quality Committee



## Levels of Assurance

### **First line Operational**

- Organisational structures – evidence of delegation of responsibility through line management arrangements
- Compliance with appraisal process
- Compliance with policies and procedures
- Incident reporting and thematic reviews
- Compliance with risk management processes and systems
- Performance Reports, Complaints and Trainee Experience Reports, Finance Reports



### **Second line Risk and compliance**

Reports to Assurance and Oversight Committees:

- Audit and Assurance Committee
- Education Commissioning and Quality Committee
- Remuneration and Terms of Service Committee
- Health and Safety Groups, etc.

Findings and/or reports from inspections, annual reporting through to committees



### **Third line Independent**

- Internal Audit Plan
- Wales Audit Office (Structured Assessment)
- External Audits (e.g. Annual Accounts and Annual Report)
- HIW Inspections
- Regulators
- Reviews and Reports by Royal Colleges
- External visits and accreditations
- Independent Reviews

### **3. Capacity to Handle Risk**

We have continued to develop and embed our approaches to risk management and emergency preparedness throughout 2019/20. In July 2019 our Risk Management Policy was approved by the Board. This policy included the requirement to develop an annual risk appetite which was completed and approved by Board in January 2020.

HEIW's risk appetite statement set out below describes the risks it is prepared to accept or tolerate in the pursuit of its strategic goals:

HEIW's recognises that, as an improvement based organisation, it is impossible for it to deliver its services and achieve positive outcomes for its stakeholders without a high appetite for risk. Indeed, only by taking risks can HEIW realise its aims.

HEIW nevertheless recognises that its appetite for risk will differ depending on the activity undertaken. Its acceptance of risk will be based on ensuring that potential benefits and risks are fully understood before decisions on funding are made, and that appropriate actions are taken.

HEIW's risk appetite takes into account its capacity for risk, which is the amount of risk it is able to bear (or loss we can endure) having regard to its financial and other resources, before a breach in statutory obligations and duties occurs.

This is now being communicated across the organisation, combined with a review of all operational risks. This will ensure a consistent, integrated approach whereby all risks are clearly linked to organisational objectives with a line of sight to the Board Assurance Framework.

#### **HEIW's Risks Pre-COVID-19**

The key risks that have been managed during this period include:

- NHS Bursary Terms and Conditions;
- the Strategic Review of Health Professional Education;
- access to Eduroam the dedicated education internet connection for trainers and trainees; and
- District Nurse Recruitment;

Areas of risk requiring HEIW's continued focus include:

- HEIW's Interface with Welsh Government. If this interface is not clear this could impact on delivery and could undermine a good relationship with the Welsh Government.
- HEIW's relationship with other NHS organisations. If communication is not clear it will undermine HEIW's ability to understand the future workforce requirements and to deliver its IMTP objectives.

- The Strategic Review of Health Professional Education. If this is not met within the timescale then it will impact on the quality and suitability of education in the future.

### **HEIW's Risks Arising from COVID-19**

The Corporate Risk Register is continuously updated to capture HEIW's risks as they are identified. It was updated in March/April 2020 to align it to the risk log created in response to the impact of COVID-19.

The key risks caused by COVID-19 include:

- The impact of current changes to education and training programmes having an adverse impact on progression and outcomes for students and trainees which may also impact the NHS' workforce in the medium term.
- The current pressures affecting HEIW's ability to deliver the major change programmes relating to GP trainee and Pharmacy pre-registration programmes which could impact the NHS' workforce in the medium term.

HEIW's Risk pre-existing risks have been exacerbated by COVID-19 in the following areas and are therefore also key areas of focus for the organisation:

- The Strategic Review of Health and Professional Education. This is because the timetable for the tender process has been shortened. However, the end date for the delivery of the new contracts currently remains the same.
- Cybersecurity. This is a result of fraudsters targeting health organisations during the crisis.

### **Risk Management**

The Board sees active and integrated risk management as key elements of all aspects of our functions and responsibilities especially in order to support the successful delivery of our business.

The Chief Executive / Accountable Officer, has overall responsibility for the management of risk for HEIW. The Board and its committees identify and monitor risks within the organisation. Specifically, executive team meetings present an opportunity for the executive function to consider and address risk, and actively engage with and report to the Board and its committees on the organisation's risk profile. The Corporate Risk Register is reviewed monthly by the Executive Team and at each monthly meeting of the Senior Leadership Team. It is reviewed by the Audit and Assurance Committee on a quarterly basis and by the Board twice a year. Risks are escalated to the Board as appropriate.

Further information can be found in the Board papers on our website: <https://heiw.nhs.wales/corporate/board-meetings-agendas-and-papers/>

During the COVID-19 crisis, the Crisis Management Team in HEIW, established in response to the pandemic, has had the role of monitoring and assessing the impact and risks arising. Also, for assessing which risks should be escalated and included within the corporate risk register.

The Board is also committed to ensuring staff throughout the organisation are trained and equipped to appropriately assess, manage, escalate and report risk. In June 2019, members of the Senior Leadership team undertook specific risk management training provided by an external consultant on risk. Over forty managers within HEIW have undertaken internal training on risk during Q3 and Q4 of the financial year.

Internal audit has undertaken a report assessing HEIW's systems and controls in place in relation to the organisation's risk management arrangements. The overall rating was one of reasonable assurance for this area. We have drafted our response to this report, which along with the final Internal Audit Report, was considered by the Audit and Assurance Committee in April 2020.

HEIW has a Crisis Management and Business Continuity policy which was deployed during the flooding near to our headquarters in Nantgarw in February, and again in March in response to the COVID-19 situation.

The Deputy CEO and Board Secretary have been attending NHS Wales SRO Brexit meetings where emergency preparedness issues have been explored and discussed.

As previously highlighted the need to plan and respond to the COVID-19 pandemic presented several challenges to the organisation. A number of new and emerging risks were identified. Significant action has been taken by HEIW to support NHS Wales' response to the pandemic. This has also involved working as members of the HSSG COVID Planning group which has representatives from the NHS, Local Government and Welsh Government.

Our COVID-19 response has been led by the CEO and Deputy CEO. At the end of March, the CEO was asked to support Andrew Goodall as Chief Operating Officer/Deputy NHS Wales Chief Executive, dedicated to COVID 19. As such, operational responsibility for HEIW functions passed to the Deputy CEO. During this period the CEO has continued in her role as HEIW's Accountable Officer.

HEIW has been contributing to the national response additionally via Joint leadership via the Deputy CEO of the Workforce Deployment and Wellbeing Planning and Response Group (Workforce Cell).

In line with Government Guidelines and to safeguard the health of staff, we introduced a 60/40 operating model combining homeworking with office based. As the lockdown was introduced by Welsh Minister, as of 24 March, our headquarters, Ty Dysgu, has been closed. The organisation transitioned successfully to 100% homeworking which remains the operating model to date.

#### **4. The Control Framework**

NHS Wales organisations are not required to comply with all elements of the corporate governance code for central government departments. However, the main principles of the code stand as they are relevant to all public sector bodies.

The information provided in this governance statement provides an assessment of how we comply with the main principles of the Code as they relate to HEIW as an NHS public sector organisation. HEIW is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Board recognises that not all reporting elements of the Code are outlined in this governance statement but are reported more fully in the organisation's wider Annual Report. There have been no reported departures from the Corporate Governance Code.

The corporate governance code for central government departments can be found at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220645/corporate\\_governance\\_good\\_practice\\_july2011.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf)

HEIW's risk management framework complies materially with the Orange Book Management of Risk principles taking into account the organisation's size, structure and needs.

There have been no reported departures from the Orange Book.

*The Orange Book can be accessed at:*

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/815635/Orange\\_Book\\_Management\\_of\\_Risk.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/815635/Orange_Book_Management_of_Risk.pdf)

The Health and Care Standards set out the requirement for the delivery of health care in Wales. As an education and training body with no direct contact to patients our focus in respect of the Health Care Standards relate to staff and resources. Improvements to these areas are captured in our Performance Report.

##### **4.1 Other Control Framework Elements**

Control measures are in place to ensure all the organisation's obligations under equality, diversity and human rights legislation are complied with.

HEIW's aspiration is to be an excellent employer and a great place to work. As such we are fully committed to meeting the general and specific duties set out in the Public Sector Equality Duties (2011). Continued progress has been made in relation to our diversity, equality and inclusion agenda with HEIW attending Pride in Cardiff last August.

HEIW has also established its Diversity and Inclusion Group and recruited Workplace Champions. HEIW has committed to several workforce related initiatives for example the Stonewall Diversity Champion Scheme, Time to Change, Disability Confident, TUC's Dying to Work, Anti-Violence Collaboration and Communication Access Symbol.

Our first Strategic Equality Plan 2020-2024 is due for publication in 2020. We have published our first Annual Equality Report 2018/19 highlighting progress so far.

**Pension Scheme** - As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

**Welsh Risk Pool** - The Welsh Risk Pool Services (WRPS) is a risk sharing mechanism, akin to an insurance arrangement which provides indemnity to NHS Wales's organisations against negligence claims and losses. Individual NHS organisations must meet the first £25,000 of a claim or loss which is similar to an insurance policy excess charge.

The HEIW Board along with its internal sources of assurance, which includes its internal audit function provided by NHS Shared Services, also uses sources of external assurance and reviews from auditors, regulators and inspectors to inform and guide our development. The outcomes of these assessments are being used by the Board to further inform our planning and the embedding of good governance across a range of the organisation's responsibilities.

**Annual Quality Statement** - As HEIW does not provide direct clinical services it has not completed an Annual Quality Statement in 2019/20.

However, HEIW does take quality and quality improvement very seriously. During 2019/20 HEIW has implemented the measures detailed below to secure quality improvement in relation to its functions:

- The establishment of the Education Commissioning and Quality Committee. The Committee's remit includes; assuring the Board on whether effective arrangements are in place to quality manage education systems; to make recommendations in respect of the quality of education and monitoring education quality.
- The work of the Committee in respect of education quality will be further enhanced through the establishment of the two new sub-groups referred to at page 8 above.
- HEIW has focussed on the quality management process for post graduate medical education. This includes sites within NHS Wales that are in particular need of monitoring.

- HEIW gathers information on student and trainee experiences. This information is used to inform improvements within the education and training provision.
- HEIW monitors training through several means including: national GMC surveys of medical trainers and trainees, quality assurance visits and constant feedback from education leads within the NHS.
- HEIW have clearly identified roles within the organisation which support the quality agenda.
- Continuous improvement more generally is important to HEIW, both in terms of internal sharing of good practice as well as through learning from our sister organisations in the UK.

HEIW also engaged with Welsh Government through the Joint Executive Team Meetings and the quarterly Quality and Delivery meetings.

HEIW will engage with Welsh Government in 2020/21 to develop bespoke guidance for HEIW to complete an Annual Quality Statement as a training and education organisation.

**Welsh Language** - As HEIW is a relatively new body it has not been named as an organisation that comes under the Welsh Language Measure 2011. Given this the Welsh Language Commissioner's Office has asked HEIW to prepare a Statutory Language Plan as prescribed under the original (1993) Welsh Language Act. Our draft Welsh language Scheme is based on the Welsh Language Standards. The draft Scheme will be subject to a public consultation prior to its final submission to the Commissioner at the end of 2020. HEIW also looks forward to receiving confirmation from Welsh Government that it has been named under the Welsh Language Measure at the earliest opportunity.

**Stakeholders and Partners** - As an All-Wales organisation, with several strategic functions, the importance of our partners and stakeholders cannot be over emphasised. This includes trainees and students, NHS Wales, Social Care Wales, Education providers, Regulators, Private sector (business, suppliers), Professional bodies and Welsh Government.

During 2019/20 we have undertaken extensive communications and engagement activity based on our Board approved Communications and Engagement Strategy to build and strengthen relationships and to help shape our work and services. This has included:

- Regular stakeholder bulletins;
- Social media to inform and update;
- Regular workshops, meetings and virtual working groups to inform and involve everyone in discussions on key topics;
- Continuation of stakeholder workshops across Wales including to inform development of the IMTP;
- Regular stakeholder specific newsletters such as trainee newsletter, dental professionals;
- Participation in national boards and all Wales peer groups;

- Collaboration and co-production of Wales's first Public Body Equality Partnership to develop and delivery Wales' first shared Strategic Equality Plan across public sector bodies;
- Extensive engagement and consultation, with over 1900 contacts, during the development of the Workforce Strategy for Health and Social Care;
- Ongoing widespread engagement and consultation as part of the development of a health and care leadership strategy for Wales;
- Extensive engagement in the strategic review of health professional education
- All Wales conferences and events to focus on key topics, provide access to CPD and support networking.

We are also working with partners across the UK, including colleagues in NHS Education for Scotland, Health Education England, NHS Improvement, Department of Health in Northern Ireland and a number of national professional bodies and regulators. We hosted a four-nations meeting between Health Education England, NHS Scotland and the Northern Ireland Medical and Dental Training Agency earlier this year and are part of a five nations collaborative, on compassionate and collective leadership.

Beginning in early May 2019, we launched the 'HEIW Roadshows' visiting Health Boards and Trusts across Wales to meet with healthcare trainees, students, educators and those responsible for education. The Roadshows enabled us to introduce HEIW and ourselves to students, trainees and colleagues across Wales. It also provided us with an opportunity to listen and gain feedback on education experiences to allow us to inform future provision of healthcare education in Wales. These will be repeated in 2020-21.

Working together, understanding each other's needs and how we can best support each other is critical if we are to succeed individually and as a system. To achieve this, we will continue to collaborate, communicate, engage and work closely with our partners and stakeholders.

**Carbon Reduction** - The organisation has not undertaken risk assessments on carbon reduction delivery plans. This position will be reviewed in 2020/21. This is considered further within the Sustainability section within the Performance Report part of the Annual Report.

### **Ministerial Directions**

No ministerial directions were received as at year end 31 March 2020.

During the period there were no material lapses in data security and no referrals to the ICO.

## **4.2 Planning**

The Board has received regular reports in respect of the implementation of the 2019/20 Annual Plan and Remit Letter through regularly reviewing the Performance Reports.



HEIW's annual performance report showed that the organisation was able to deliver against the vast majority of its commitments and targets at the end of 2019/20, as well as stepping up to the challenges posed by COVID-19. Highlights included the drafting of the Workforce Strategy for Health and Social Care in partnership with Social Care Wales and the positive fill rates for education and training places across the professional groups.

A key focus area for the Performance Report is the development of an overarching framework to support the performance management approach within HEIW. to completing the report. This will articulate the roles and accountabilities for performance management and monitoring and frame the expectations more clearly in a single source document. .

The Board has played a central role in developing HEIW's Integrated Medium Term Plan (IMTP). Detailed Board discussions to support the development of the IMTP has taken place. This iterative process culminated in the Board approving the IMTP for submission to Welsh Government at its meeting in January 2020.

The formal approval of the IMTP has been delayed due to the COVID-19 pandemic. Welsh Government has nevertheless confirmed that the IMTP was deemed approvable. As agreed at the Board meeting in March, implementation of HEIW's IMTP objectives have been largely paused in Q1 of 2020/21, to enable the organisation to focus its resources on supporting the NHS' response to COVID-19.

## 5. Review of Effectiveness

As Accountable Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. The review of the system of internal control is informed by the work of the internal auditors, and the executive officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their audit letter and other reports.

### 5.1 Internal Audit


Internal audit provides the CEO, as Accountable Officer and the Board through the Audit and Assurance Committee, with a flow of assurance on the system of internal control. The CEO commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit and Assurance Committee.

The overall opinion by the Head of Internal Audit (HoIA) on governance, risk management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

### 5.2 The Head of Internal Audit Conclusion:

The scope of the opinion of the HOIA is confined to those areas examined in the risk based audit plan, which has been agreed with senior management and approved, by the Audit and Assurance Committee. The HOIA assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement. The HOIA opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.

#### Assurance rating

 <p>- + Yellow</p>	<p>The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.</p>
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The audit work undertaken during 2019/20, has been reported to the Audit and Assurance Committee.

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within the Internal Audit plan which have been reported to the Audit and Assurance Committee throughout 2019/20. This assessment has taken account of the relative materiality of these areas.
- Other assurance reviews, which impact on the head of internal audit opinion including audit work performed at other organisations.

A summary of the reviews and associated assurance ratings in each of the domains is set out below:

### **Corporate governance, risk management and regulatory compliance**

- **Risk management** – Internal Audit issued a **reasonable** assurance report for our review of risk management.
- **Board and Committee Governance arrangements** – Overall Internal Audit issued **substantial** assurance for this review.

### **Strategic planning, performance management & reporting**

- **Performance management** – Overall Internal Audit issued a **reasonable** assurance report in relation to its work in this area.
- **IMTP Planning** - Overall Internal Audit issued **substantial** assurance for this review.

### **Financial governance and management**

- **Core financial systems** – Overall, Internal Audit issued a **reasonable** assurance report.

### **Clinical governance quality & safety**

- **Health and Safety** – Overall Internal Audit issued **reasonable** assurance for this area of audit work.

### **Information governance & security**

- **IT/Digital Review** – Overall Internal Audit issued **reasonable** assurance for this review.
- **Freedom of Information** – Overall Internal Audit issued **reasonable** assurance for this review.
- **Data Protection (GDPR)** – Overall Internal Audit issued **reasonable** assurance for this review.

### **Operational service and functional management**

- **Service Review – Medical Training Commissioning** – at the time of the opinion, Internal Audit's work in this domain, relating to medical training commissioning, was still in progress. The HOIA has assessed the audit work completed to date and considered that there would be no impact on the overall Head of Internal Audit Opinion.

### **Workforce management**

- **Employment status of casual workers Follow Up** – Internal Audit issued a **reasonable** assurance report for this audit review which was undertaken to follow up on the original **Limited** assurance Internal Audit undertaken in 2018/19.
- **Workforce Review: Values and Behaviours Framework** – Internal Audit issued **reasonable** assurance for this review.

### **Capital & estates management**

- Internal Audit did not plan to undertake any reviews in this domain during 2019/20.

### **5.3 External Audit – Audit Wales (AW)**

The Auditor General for Wales is the statutory external auditor for the NHS in Wales. The AW undertakes the external auditor role for HEIW on behalf of the Auditor General. As HEIW was established in October 2018 the AW undertook a baseline Structured Assessment which was reported in June 2019.

This baseline Structured Assessment fed into the full AW 2019 Structured Assessment in 2019. This assessment concluded overall that the organisation has strong leadership and sound arrangements have supported effective business and a positive staff culture driven by excellent staff engagement. It noted that following areas require further development: risk, Board assurance, performance management and information governance.

The AW also concluded that HEIW has a clear vision and strategic objectives are in place for IMTP production and monitoring and that financial controls and policies are in place.

Specifically, the report made a number of recommendations for the following areas:

#### **Governance**

The organisation should review Board and committee oversight to ensure the breadth of its work is covered and there are no gaps in scrutiny arrangements.

#### **Board Assurance Framework (BAF) and Risk**

The organisation should now create the assurance map required by undertaking a process to identify and map the controls and key sources of assurance against the principle risks to achieving its strategic objectives.

HEIW should improve its risk management by determining and clearly communicating its risk appetites to ensure a consistent approach to: tolerance of risk; assessing and scoring of risks; and escalation/removal of risks to/from the Corporate Risk Register.

### **Performance management framework**

HEIW should document its performance management framework, setting out: operational performance management arrangements and lines of accountability; and what is reported to whom and by when, and Board / Committee oversight for performance management.

### **Information Governance**

The organisation should strengthen information governance and cyber security arrangements by: appointing a full-time information governance and data protection manager to complete the GDPR action plan and work towards full compliance; developing and reporting information governance KPIs; achieving certification in cyber security arrangements; establishing effective cyber security resources and expertise to manage risks; documenting a cyber security incident response plan to manage attacks and completing its planned and prioritised actions swiftly.

### **Digital and IT**

HEIW should strengthen its strategic approach to digital and IT by: developing and approving a Digital and IT strategy; considering current capacity to deliver the Head of Digital role and whether it needs to appoint to the post; developing and reporting IT KPIs for challenge and scrutiny.

### **Monitoring objective against strategic objectives**

HEIW has not set out a framework for monitoring performance against its strategic objectives and IMTP and should: formally document arrangements for the oversight and scrutiny of performance against strategic objectives; and work with pace to develop KPIs and targets which are clearly linked to strategic objectives, against which the Board can scrutinise performance.

The recommendations from both Internal Audit and Wales Audit together with management's response are recorded within the Audit Tracker report. This is monitored and regularly reviewed by the Audit and Assurance Committee.

## **5.4 Data Quality**

The quality and effectiveness of the information and data provided to the Board is continually reviewed at each meeting of the Board and some revisions have been made during the year to provide further clarity for the Board.

## **6. Conclusion – Corporate Governance Report**

As indicated throughout this statement, the need to plan and respond to the COVID-19 pandemic has had a significant impact on the organisation, wider NHS and society as a whole. It has required a dynamic response which has presented a number of opportunities in addition to the risks. The need to respond and recover from the pandemic will be with the organisation and wider society throughout 2020/21 and beyond. I will ensure our Governance Framework considers and responds to this need.

During the period 1<sup>st</sup> April 2019 – 25 June 2020 there have been no significant internal control or governance issues identified. This is due to the establishment of sound systems of internal control in place to ensure HEIW met its objectives. It is recognised that further work will be necessary in 2020/21 to further develop these arrangements. It will be important to communicate widely with staff to further embed these arrangements.

Signed by  
Chief Executive:

Date.

## **REMUNERATION AND STAFF REPORT**

The information contained in this report relates to the remuneration of the senior managers employed by Health Education & Improvement Wales (HEIW).

The Pay Policy Statement set out in Annex 3 relates to HEIW's strategic stance on senior manager remuneration and to provide a clear statement of the principles underpinning decisions on the use of public funds.

The definition of "Senior Manager" is: 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments.' For HEIW, the senior managers are considered to be the regular attendees of Board meetings, i.e. the Executive Directors, Independent Members and the Board Secretary.

### **Remuneration & Terms of Service Committee**

The terms of reference and operating arrangements for the Remuneration and Terms of Service Committee are set out in HEIW's standing orders which were reviewed and updated in March 2019. The purpose of the Committee is to provide advice to the Board on the remuneration and terms of service and performance for the Chief Executive, Executive Directors and other senior staff. It also provides assurance to the Board in relation to HEIW's arrangements for the remuneration and terms of service, including contractual arrangements, for all staff.

### **Salary and Pension Disclosures**

Details of salaries and pension benefits for senior managers captured within this report are given in Annexes 1 and 2. The single figure of remuneration (Annex 1) is intended to be a comprehensive figure that includes all types of reward received by senior managers in the period being reported on, including fixed and variable elements as well as pension provision.

The single figure includes the following:

- Salary and fees both pensionable and non-pensionable elements;
- benefits in kind (taxable, total to the nearest £100);
- pension related benefits - those benefits accruing to senior managers from membership of a participating defined benefit pension scheme.

HEIW has paid no annual or long-term performance related bonuses.

Annual salary figures are shown prior to any reduction as a result of any salary sacrifice scheme.

The value of pension related benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

The pension benefit figure is calculated on the basis of an increase in the value over the financial year. Prior-year comparative information is not available for staff who were not previously Executive level directors in other NHS Wales organisations. Where this is the case this figure cannot be calculated and therefore is not reported in Annex 1 (Single Figure of Remuneration) nor Annex 2 (Pension Benefits).

Annex 2 gives the total pension benefits for all senior managers. The inflationary rate applied to the 2018/19 figure is 2.4% as set out in the 'Disclosure of Senior Managers' Remuneration (Greenbury) 2020' guidance document.

## **Remuneration Relationship**

NHS Bodies in Wales are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. This information is provided in note 9.6 to the Financial Statements.

## **2019/20 Staff Report**

### **Number of senior staff**

As of 31 March 2020, there were six senior staff that made up the Executive Team; they were also members of the Board or regular attendees. The Director of Finance who was initially appointed through a secondment agreement is now employed on a fixed term contract until 31 December 2021. Both the Medical Director and the Director of Workforce & OD/Deputy Chief Executive are on secondment to HEIW from their substantive employers.

Their pay bands are broken down as follows:

### **Numbers of Senior Staff @ 31 March 2020**

Consultant (Medical & Dental)	1
Executive and Senior Pay scale	5

### **Staff Numbers**

The following table shows the average number of staff employed (FTE) by Health Education & Improvement Wales, by group from 1 April 2019 to 31 March 2020:

<b>Staff Group</b>	<b>Permanently Employed (Inc. Fixed Term) (Ave FTE)</b>	<b>Agency Staff (Ave FTE)</b>	<b>Staff on Inward Secondment (Ave FTE)</b>	<b>2019/20 Total (Ave FTE)</b>
Administrative and Clerical and Board Members	150	14	5	169



<b>Staff Group</b>	<b>Permanently Employed (Inc. Fixed Term)</b>	<b>Agency Staff</b>	<b>Staff on Inward Secondment</b>	<b>2019/20 Total</b>
	<b>(Ave FTE)</b>	<b>(Ave FTE)</b>	<b>(Ave FTE)</b>	<b>(Ave FTE)</b>
Medical & Dental	42	0	1	43
Professional Scientific and Technical Staff	12	0	0	12
Additional Clinical Services	3	0	0	3
Nursing & Midwifery	2	0	1	3
<b>Totals</b>	<b>209</b>	<b>14</b>	<b>7</b>	<b>230</b>

### Staff Composition

The gender breakdown of the Executive Team and other employees as of 31 March 2020 was as follows:

<b>Staff Composition @ 31 Mar 2020 (headcount)</b>	<b>Male</b>	<b>Female</b>
Senior Staff (Executive Team)	4	2
Other Employees	131	273
All Staff	135	275
% All Staff	33%	67%

### Sickness Absence data

The following table provides information on the number of days lost due to sickness for the period 1 April 2019 – 31 March 2020:

	<b>From 1 April 2019 to 31 March 2020</b>
	<b>Number</b>
Days lost (long term)	1434.98
Days lost (short term)	575.01
<b>Total days lost</b>	<b>2009.99</b>
<b>Total staff years</b>	<b>215</b>
Average working days lost	<b>21.2</b>
Total staff employed in period (headcount)	<b>379</b>
Total staff employed in period with no absence (headcount)	<b>284</b>
<b>Percentage staff with no sick leave</b>	<b>74.9%</b>

## **Staff Policies Applied During the Financial Year**

At the inception of HEIW, the coming together of staff from both the education sector and the NHS meant that HEIW inherited a wide variety of contractual employment policies and processes. Given the number of transferees from Cardiff University was significantly higher than those transferring in from the NHS, this meant that majority of our staff in our first year were on non-NHS terms.

We have recruited many new employees since the establishment of HEIW & appointed to NHS terms and conditions, which has redressed the balance a bit. Additionally, some staff have moved to new roles in the organisation or opted to transfer to NHS terms in existing roles and this created more of a balanced picture.

Of the 13 All Wales NHS policies brought over at the launch of HEIW, 8 applied to staff on NHS contracts only whilst 5 were able to be applied to all HEIW staff.

During 2019-2020 a programme of work commenced to adopt further All Wales employment policies and to develop bespoke HEIW policies where necessary. In each case we have - where it is practicable and legally compliant to do so - rolled out the policies to all HEIW staff including those on transferred Cardiff University contracts. We have been able to reduce the differentials between groups of staff in cases where no such equivalent Cardiff University policy exists or where the new policy is advantageous to staff on Cardiff University contracts. An example of the latter is where we have introduced a harmonised Travel and Subsistence policy, following discussion with staff and trade union representatives.

During the financial year 2019-2020 we contributed to the development of, and subsequently adopted, the new All Wales Menopause policy. In addition, we developed 4 new bespoke policies of which all bar one (Equality, Diversity and Inclusion where Staff on Cardiff University contracts have an equivalent policy transferred under TUPE) are applicable to all HEIW staff. These are as follows:

- Access to Learning and Development
- Carers policy
- Travel and Subsistence

There are 5 further policies that had been developed by the end of 2019-20, 3 of which will apply to all HEIW staff when they are ratified by the Local Partnership Forum and the Executive Team. These are as follows:

- Employment References (all staff)
- Alcohol and Substance Misuse
- Flexible Working (all staff)
- Mental Health (all staff)
- Maternity, Adoption, Paternity and Parental Leave

Staff health and wellbeing is a significant priority for the organisation and contributes to our ambition to be an exemplar employer. During 2019-20 we have continued to

invest in this area and to work to introduce and improve procedures, guidelines and toolkits. Examples have included:

- Establishing a Wellbeing network with representation from across HEIW
- Promoting access to mental health support services
- A second very successful NHS Wales Staff Health and Wellbeing Conference in October 2019: *Compassion Starts with Me*
- Development of a Health Needs Assessment survey which was piloted in HEIW in October 2019
- Developed a Health and Wellbeing intranet page.
- Actively supporting multiple campaigns (e.g. Dry January, Movember, Stress Awareness Day etc.)
- Delivery of health and wellbeing sessions e.g. mindfulness, mindful menopause, sleep)

All staff have equal access to HEIW's values-based performance appraisal, learning development and career development. They are all expected to undertake statutory and mandatory training in line with Welsh Government expectations.

In response to the escalating Covid-19 crisis we transitioned the organisation to a 60/40 operating model, shifting to a blend of homeworking and office attendance in March. Following the 'lockdown' announced by Ministers in late March, we closed our offices at Ty Dysgu and successfully moved to a 100% homeworking model.

This radical change in working arrangements was achieved smoothly and efficiently with the availability of the appropriate technology. Concurrent with this a staff survey was carried out in respect of 'home working' and which was positively received and responded to. The main concern identified was around the availability of equipment and this was quickly responded to with a temporary re-opening of the offices to allow staff to obtain any equipment that had not originally been taken. As we moved to the new model, we introduced a number of additional support measures for staff to ensure wellbeing remained a focus.

For the benefit of HEIW staff and the wider NHS in Wales an online NHS Wales Staff Wellbeing Covid-19 Resource was developed and implemented. This involved information and sign posting in respect of the following areas:

- Compassionate Leadership
- Bereavement support
- Wellbeing resources across NHS Wales
- Sharing NHS Wales best practice
- Links to Trade Unions

## **Equality, Diversity and Inclusion**

HEIW's aspiration is to be an exemplar employer and a great place to work and as such we are fully committed to meeting our Public Sector Equality Duties (2011). Over the last year we have continuously adopted a co-productive and collaborative approach to our inclusion work. This approach can be best evidenced through the

development of our first Strategic Equality Plan 2020-2024 which is due for publication in 2020-21.

In compliance with the Equality Act 2010 and in line with our aspirations, HEIW has established a Diversity and Inclusion Group and recruited Inclusion Champions. The Group have a role in supporting the lead executive, in advising the executive team and the organisation on activity related to equality and inclusion across HEIW. The recently appointed inclusion champions disseminate messages and promote the equality, diversity and inclusion agenda for HEIW.

To ensure our values become more than words, we have made good progress in engaging with external partners to provide impartial review of our Equality, Diversity and Inclusion policies and practices, to ensure alignment with national standards in respect of equality, diversity and inclusion. External partners we engage with include:

- Age Alliance Wales
- Disability Wales
- Mind Cymru
- Mencap Cymru
- Race Equality First
- Stonewall Cymru

The organisation has also committed to several workforce related initiatives for example the Stonewall Diversity Champion Scheme, Time to Change, Disability Confident, TUC's Dying to Work, Anti-Violence Collaboration and Communication Access Symbol.

We have developed the organisation's first Equality, Diversity and Inclusion Policy and will be developing our Transition Policy in partnership with Stonewall over the next year. Work has been undertaken to develop the organisation's Integrated Equality Impact Assessment approach, which will be supported by the development of an Integrated Equality Impact Assessment proforma and guidance, and a training programme available by Autumn 2020. In line with the public sector reporting duties, HEIW's Board has received the Gender Pay Gap and Annual Equality Report for 2018/19.

### **Expenditure on Consultancy**

For the purpose of the statutory accounts, consultancy is defined as time limited/ad-hoc assignments that are not related to the day-to-day activities of HEIW.

During 2019/20, HEIW's expenditure on consultancy was £158k.

### **Tax Assurance for Off-Payroll Engagements**

HEIW is required to disclose any arrangements it has whereby individuals are paid through their own companies or off payroll.

There were none during this period.

## **Exit Packages**

The figures disclosed in this note relate to exit packages agreed in the 2019-20 year. The actual date of departure might be in a different accounting period, and the expense in relation to the departure costs may have been accrued in a previous period. The data is therefore presented on a different basis to other staff cost and expenditure notes in the accounts.

Exit packages cost band (including any special payment element)	<b>1<sup>st</sup> April 2019 to 31st March 2020</b>			
	<b>Number of compulsory redundancies</b>	<b>Number of other Departures</b>	<b>Total number of exit packages</b>	<b>Number of departures where special payments have been made</b>
less than £10,000	0	0	0	0
£10,000 to £25,000	0	0	0	0
£25,000 to £100,000	0	0	0	1
£100,000 to £150,000	0	0	0	0
£150,000 to £250,000	0	0	0	0
more than £250,000	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

Exit packages cost band (including any special payment element)	<b>1<sup>st</sup> April 2019 to 31st March 2020</b>			
	<b>Cost of compulsory redundancies</b>	<b>Cost of other Departures</b>	<b>Total Cost of exit packages</b>	<b>Cost of departures where special payments have been made</b>
less than £10,000	0	0	0	0
£10,000 to £25,000	0	0	0	0
£25,000 to £100,000	0	0	0	31,200
£100,000 to £150,000	0	0	0	0
£150,000 to £250,000	0	0	0	0
more than £250,000	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31,200</b>

Exit packages cost band (including any special payment element)	<b>5th October 2017* to 31st March 2019</b>			
	<b>Number of compulsory redundancies</b>	<b>Number of other Departures</b>	<b>Total number of exit packages</b>	<b>Number of departures where special payments have been made</b>
less than £10,000	0	0	0	0
£10,000 to £25,000	0	0	0	0
£25,000 to £100,000	0	0	0	0
£100,000 to £150,000	0	0	0	0
£150,000 to £250,000	0	0	0	0
more than £250,000	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*Table includes previous years for comparative information

Exit packages cost band (including any special payment element)	<b>5th October 2017* to 31st March 2019</b>			
	<b>Cost of compulsory redundancies</b>	<b>Cost of other Departures</b>	<b>Total Cost of exit packages</b>	<b>Cost of departures where special payments have been made</b>
less than £10,000	0	0	0	0
£10,000 to £25,000	0	0	0	0
£25,000 to £100,000	0	0	0	0
£100,000 to £150,000	0	0	0	0
£150,000 to £250,000	0	0	0	0
more than £250,000	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*Table includes previous years for comparator information

### Statement of Assurance

I confirm that there is no relevant audit information in the Annual Report of which the Wales Audit Office is unaware. As Chief Executive, I have taken all the steps in order to make myself aware of any relevant information and ensure the Wales Audit Office is aware of that information.

Alex Howells  
Chief Executive and Accountable Officer, Health Education & Improvement Wales  
25 June 2020

## Annex 1a: Single Figure of Remuneration 2019/20

Single Figure of Remuneration					
Name	Title	Salary (Bands of £5k)	Benefits in Kind (taxable) to nearest £100	Pension Benefit to nearest £1,000	Total to nearest (Bands of £5k)
Alex Howells	Chief Executive	150 – 155	-	22	170 – 175
Julie Rogers <sup>1</sup>	Director of WOD / Deputy CEO	110 – 115	-	38	145 - 150
Dafydd Bebb	Board Secretary	85 – 90	-	22	110 – 115
Stephen Griffiths	Director of Nursing	95 – 100	-	62	160 – 165
Push Mangat <sup>2</sup>	Medical Director	160 – 165	-	70	230 - 235
Eifion Williams <sup>3</sup>	Director of Finance	55 - 60	-	-	55 - 60
Danielle Neale <sup>4</sup>	Director of Finance & Corporate Services	0 – 5	-	-	0 - 5
<b>Non-Executive Directors</b>					
Chris Jones	Chair	40 – 45	-	-	40 – 45
Tina Donnelly	Non-Executive Director	5 – 10	-	-	5 – 10
Ruth Hall	Non-Executive Director	5 – 10	-	-	5 – 10
John Hill-Tout <sup>5</sup>	Vice Chair	10 – 15	-	-	10 – 15
Gill Lewis	Non-Executive Director	5 – 10	-	-	5 – 10
Ceri Phillips	Non-Executive Director	5 – 10	-	-	5 – 10
Heidi Phillips	Non-Executive Director	5 – 10	-	-	5 - 10



<sup>1</sup> Julie Rogers is seconded from the Welsh Government and is a member of the Civil Service Pension Scheme, which uses a different inflation factor for the calculation of pension increases to the one used in the NHS scheme.

<sup>2</sup> Push Mangat is seconded from Swansea Bay UHB.

<sup>3</sup> Eifion Williams was employed part-time (0.26 FTE) as the Interim Director of Finance until 30th June 2019 and was a member of the NHS pension scheme through his substantive employer. The figures included here for the period to 30 June 2019 do not include the pension benefit for this period. Eifion took up the substantive part-time post (0.51 FTE) from 1 July 2019 and chose not to be covered by the NHS pension scheme for the remainder of the reporting year.

<sup>4</sup> Danielle Neale left HEIW on 14/03/2019. The salary payment made in 2019/20 relates to a Payment in Lieu of Notice (PILON). A further non-contractual payment was made to Ms Neale in 2019/20 as disclosed in the exit packages note in the remuneration report and note 9.5 in the annual accounts.

<sup>5</sup> John Hill-Tout received remuneration in 2019/20 in respect of his role as Vice Chair of HEIW, which was backdated to the commencement of that role on 01/10/2018. The backdated payment is included within the 2019/20 single figure of remuneration table.

**Annex 1a: Single Figure of Remuneration 2018/19 (Covering period 5/10/2017 to 31/03/2019)**

<b>Single Figure of Remuneration</b>						
<b>Name</b>	<b>Title</b>	<b>Salary 5/10/17 to 30/09/2018 (Bands of £5k)</b>	<b>Salary 01/10/2018 to 31/03/2019 (Bands of £5k)</b>	<b>Benefits in Kind (taxable) to nearest £100</b>	<b>Pension Benefit to nearest £1,000</b>	<b>Total to nearest (Bands of £5k)</b>
Alex Howells <sup>1</sup>	Chief Executive	95 – 100	70 - 75	-	(65)	105 – 110
Julie Rogers <sup>2</sup>	Director of WOD / Deputy CEO	50 – 55	50 - 55	-	***8	105 - 110
Dafydd Bebb <sup>3</sup>	Board Secretary	5 – 10	40 - 45	-	***8	50 – 55
Stephen Griffiths <sup>4</sup>	Director of Nursing	15 – 20	45 - 50	-	***8	65 – 70
Push Mangat <sup>5</sup>	Medical Director	-	75 - 80	-	***8	75 – 80
Danielle Neale <sup>6</sup>	Director of Finance & Corporate Services	5 - 10	65 - 70	-	***8	75 – 80
<b>Non Executive Directors</b>						
Chris Jones <sup>7</sup>	Chair	55 – 60	20 - 25	-	-	80 – 85
Tina Donnelly <sup>7</sup>	Non-Executive Director	5 – 10	0 - 5	-	-	10 - 15
Ruth Hall <sup>7</sup>	Non-Executive Director	5 – 10	0 - 5	-	-	10 - 15
John Hill-Tout <sup>7</sup>	Non-Executive Director	5 – 10	0 - 5	-	-	10 - 15
Gill Lewis <sup>7</sup>	Non-Executive Director	5 – 10	0 - 5	-	-	10 - 15
Ceri Phillips <sup>7</sup>	Non-Executive Director	5 – 10	0 - 5	-	-	10 - 15
Heidi Phillips <sup>7</sup>	Non-Executive Director	5 – 10	0 - 5	-	-	10 - 15

\*HEIW was established in shadow form on 5 October 2017 and continued to operate in shadow form until formally established on 1 October 2018. The first accounting period for the organisation therefore runs for 18 months from 5 October 2017, although only costs incurred from 1 October 2018 are included within the 2018/19 HEIW accounts. Costs incurred prior to this date were paid through Velindre University NHS Trust and recharged to Welsh Government. For information purposes the single figure of remuneration table above covers the full 18 month period.

<sup>1</sup> Alex Howells took up post on 01/02/2018.

<sup>2</sup> Julie Rogers was seconded to HEIW from Welsh Government from 12/04/2018.

<sup>3</sup> Dafydd Bebb took up post on 28/08/2018.

<sup>4</sup> Stephen Griffiths took up post on 29/07/2018.

<sup>5</sup> Push Mangat was seconded from Abertawe Bro Morgannwg UHB from 1/10/2018.

<sup>6</sup> Danielle Neale took up post on 28/8/2018 and left HEIW on 14/03/2019. The salary total from 01/10/2018 to 31/03/2019 includes payment in lieu of notice.

<sup>7</sup> Chris Jones was appointed as interim Chair on 5 October, 2017 and as formal Chair on 1 October, 2018. The salary total from 05/10/17 to 30/09/18 includes remuneration for the role of Co-ordinating Chair of Health Boards and Trusts. Board Members took up post on 01/02/2018

<sup>8</sup> A request has been made to the NHS Business Services Authority, however, prior year comparative information required for the calculation is not available.

## Annex 2: Pension Benefits – 2019/20

Name	Title	Real increase in pension at pension age (bands of £2,500) £'000	Real increase in pension lump sum at pension age (bands of £2,500) £'000	Total accrued pension at pension age at 31 March 2020 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000) £'000	Cash Equivalent Transfer Value at 1 April 2020 £'000	Cash Equivalent Transfer Value at 31 March 2019 £'000	Real increase in Cash Equivalent Transfer Value £'000	Employer's contribution to stakeholder pension £'000
Alex Howells	Chief Executive	0 – 2.5	(2.5) - 0	60 – 65	135 – 140	1,149	1,074	27	0
Julie Rogers <sup>1</sup>	Director of WOD / Deputy CEO	0 – 2.5	0 – 2.5	45 – 50	110 – 115	914	849	23	0
Dafydd Bebb	Board Secretary	0 – 2.5	0	0 – 5	0	42	22	8	0
Stephen Griffiths	Director of Nursing	2.5 – 5	7.5 – 10	45 – 50	140 – 145	1,079	956	87	0
Push Mangat <sup>2</sup>	Medical Director	2.5 – 5	10 – 12.5	70 – 75	215 – 220	****2	1,652	****2	0
Eifion Williams <sup>3</sup>	Director of Finance	0	0	0	0	0	0	0	0

<sup>1</sup> Julie Rogers is seconded from the Welsh Government and is a member of the Civil Service Pension Scheme, which uses a different inflation factor for the calculation of the movement in the value of pension benefits to the one used in the NHS scheme.

<sup>2</sup> Push Mangat has no CETV at 31 March 2020 as he is over the normal pension age for the relevant pension scheme.

<sup>3</sup> Eifion Williams was employed part-time as the Interim Director of Finance until 30th June 2019 and was a member of the NHS pension scheme through his substantive employer. The figures included here for the period to 30 June 2019 do not include the pension benefit for this period. Eifion took up the substantive part-time post from 1 July 2019 and chose not to be covered by the NHS pension scheme for the remainder of the reporting year.

### **Annex 3: Pay Policy Statement**

#### **Salary and pension entitlements of senior managers 2019-20**

The pay and Terms and Conditions of Employment for the executive team and senior managers have been, and will be determined by the HEIW Board, based on the recommendations of the Remuneration and Terms of Service Committee, within the framework set by Welsh Government. The Remuneration and Terms of Service Committee also considers applications relating to the Voluntary Release Scheme. The Remuneration and Terms of Service Committee members are all Independent Members of the Board and the committee is chaired by HEIW's chairperson. The Terms of Reference for the Committee are regularly being reviewed.

#### **Auditors**

The auditors have reviewed this report for consistency with other information in the financial statements and will provide an opinion on the following disclosures:

- Single total figure of remuneration for each director;
- CETV disclosures for each director;
- Payments to past directors, if relevant;
- Payments for loss of office, if relevant;
- Fair pay disclosures (included in annual accounts);
- Exit packages (included in annual accounts) if relevant, and;
- Analysis of staff numbers.

## **National Assembly for Wales Accountability and Audit Report**

**For the period ended 31 March 2020**

### **Regularity of Expenditure**

Regularity is the requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, any applicable delegated authority and the rules of Government Accounting.

The Health Education and Improvement Wales (HEIW) Board ensures the funding provided by Welsh Ministers has been expended for the purposes intended by Welsh Ministers and that the resources authorised by Welsh Ministers to be used have been used for the purposes for which the use was authorised.

The Chief Executive is the Accountable Officer and ensures that the financial statements are prepared in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, the Chief Executive is required to:

- observe the accounts directions issued by Welsh Ministers, 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 the Special Health Authority will continue in operation.

### **Fees and Charges**

Where HEIW undertakes an activity which is not funded directly by the Welsh Government, HEIW receives income to cover its costs. Further detail of income received is published in the annual accounts.

HEIW confirms it has complied with cost allocation and the charging requirements set out in HM Treasury guidance during the year.

### **Remote Contingent Liabilities**

Remote contingent liabilities are those liabilities that due to the unlikelihood of a resultant charge against HEIW are therefore not recognised as an expense nor as a contingent liability. Detailed below are the remote contingent liabilities as at 31st March 2020.

	<b>2019-20</b>
Guarantees	nil
Indemnities	nil

## **The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd**

### **Report on the audit of the financial statements**

#### **Opinion**

I certify that I have audited the financial statements of Health Education and Improvement Wales for the year ended 31 March 2020 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers 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 HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Health Education and Improvement Wales as at 31 March 2020 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

#### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). 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 board 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 opinion.

#### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The Chief Executive is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. 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.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially

inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### **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.

### **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 Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Foreword and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Foreword and 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 board and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword and Accountability Report or the Governance Statement.

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

- proper accounting records have not been kept;
- the financial statements 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.

### **Report**

I have no observations to make on these financial statements.

### **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 board'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.

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](http://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.

Adrian Crompton

Auditor General for Wales

2 July 2020

24 Cathedral Road

Cardiff

CF11 9LJ



**GIG**  
CYMRU  
**NHS**  
WALES

Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

<b>Dyddiad Cyfarfod</b>	<b>23 Mehefin 2020</b>	<b>Eitem Agenda</b>	<b>2.3</b>
<b>Teitl Adroddiad</b>	<b>Archwilio Mewnol – Adroddiad Blynyddol a Barn Pennaeth Archwilio Mewnol</b>		
<b>Awdur Adroddiad</b>	Archwilio Mewnol		
<b>Noddwr Adroddiad</b>	Pennaeth Archwilio Mewnol		
<b>Cyflwynwyd gan</b>	Archwilio Mewnol		
<b>Rhyddid Gwybodaeth</b>	Agored		
<b>Pwrrpas yr Adroddiad</b>	Adroddiad blynyddol gan yr Archwilwyr Mewnol sy'n dwyn ynghyd y gwaith sydd wedi'i wneud yn 2019/20. Mae'r adroddiad yn cynnwys barn flynyddol y Pennaeth Archwilio mewnol ar drefniadau rheoli mewnol AaGIC.		
<b>Materion Allweddol</b>	Barn Pennaeth Archwilio Mewnol		
<b>Camau penodol sydd eu hangen (Rhowch un ✓ yn unig)</b>	<b>Gwybodaeth</b>	<b>Trafodaeth</b>	<b>Sicrwydd</b>
			✓
<b>Argymhellion</b>	Amherthnasol		

## **Health Education and Improvement Wales**

# **HEAD OF INTERNAL AUDIT OPINION & ANNUAL REPORT 2019/20**

**June 2020**

**NHS Wales Shared Services Partnership  
Audit and Assurance Services**

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<b>Executive Clearance:</b>	Director of Audit and Assurance
<b>Audit and Assurance Committee:</b>	June 2020

## 1. EXECUTIVE SUMMARY

### 1.1 Purpose of this Report

Health Education and Improvement Wales' (HEIW or the 'organisation') Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives, and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. A key element in that flow of assurance is the overall assurance opinion from the Head of Internal Audit.

This report sets out the Head of Internal Audit opinion together with the summarised results of the internal audit work performed during the 2019/20. The report also includes a summary of audit performance in comparison to the plan, and an assessment of conformance with the Public Sector Internal Audit Standards (these are the requirements of Standard 2450).

### 1.2 Head of Internal Audit Opinion

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Chief Executive, as Accountable Officer, and the Board, which underpin the Board's own assessment of the effectiveness of the system of internal control. The approved Internal Audit plan is biased towards risk and therefore the Board will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement.

In my opinion the Board can take **Reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.

### 1.3 Delivery of the Audit Plan

The Internal Audit plan has been delivered substantially in accordance with the agreed schedule, as approved by the Audit and Assurance Committee. Regular audit progress reports have been submitted to the Audit and Assurance Committee during 2019/20.

As a result of the COVID-19 pandemic and the response to it from HEIW we have not been able to complete our audit programme in full. However, we have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

We had anticipated, after adjustments to the original audit plan agreed with the Audit and Assurance Committee, producing 12 outputs at the year end. However, due to the impact of COVID-19 the final position at HEIW is 11 final reports, and one work in progress. Where audits that are work in progress have been used to support the overall opinion (even though the work will not have been reported to the Audit and Assurance Committee in either final or draft form) this is set out in Section 2.4 of the Opinion.

For those audits that are either at the draft report stage or are work in progress, we will agree an appropriate approach to complete and finalise the audit with HEIW for formal submission to the Audit and Assurance Committee at a later date. In addition,

in a small number of cases we were not able to complete work on all the objectives agreed for a particular audit. Where this is the case we have highlighted this in Sections 5.1 to 5.6.

There are, as in previous years, additional audits undertaken at NWSSP and NWIS that support the overall opinion for NHS Wales health bodies (see Section 3).

Our External Quality Assessment (EQA), conducted by the Chartered Institute of Internal Auditors, and our Quality Assurance and Improvement Programme have both confirmed that our internal audit work 'generally conforms' to the requirements of the Public Sector Internal Audit Standards for 2019/20, and as such our service 'conforms to the IIA's professional standards and to PSIAS.'

## **1.4 Summary of Audit Assignments**

This report summarises the outcomes from the Internal Audit plan undertaken in the year and recognising Internal Audit provides a continuous flow of assurance. The report also references assurances received through the internal audit of control systems operated by NHS Wales Shared Services Partnership (NWSSP) for transaction processing on behalf of the organisation.

The audit coverage in the plan agreed with management has been deliberately focused on key strategic and operational risk areas; the outcome of these audit reviews may therefore highlight control weaknesses that impact on the overall assurance opinion.

In overall terms we can provide positive assurance to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the following areas:

- Substantial Assurance: Board and committee governance arrangements, and the organisation's approach to planning for its Integrated Medium Term Plan (IMTP).
- Reasonable Assurance: Risk management, the values and behaviours framework, health and safety, the freedom of information process, performance management, data protection (GDPR), IT arrangements, core financial systems (focusing on the VAT returns process, purchasing cards, the contracts register, and budgetary control), and our follow up review of the employment status of casual workers.

Management are aware of the specific issues identified and have agreed action plans to improve control in these areas. These planned control improvements should be referenced in the Annual Governance Statement where appropriate.

## **2. HEAD OF INTERNAL AUDIT OPINION**

### **2.1 Roles and Responsibilities**

The Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives, and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement is a statement made by the Accountable Officer, on behalf of the Board, setting out:

- How the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives.
- The purpose of the system of internal control, as evidenced by a description of the risk management and review processes, including compliance with the Health & Care Standards.
- The conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's risk management process and system of assurance should bring together all of the evidence required to support the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known improvement opportunities, agreed with executive management and approved by the Audit and Assurance Committee, which should provide an appropriate level of assurance.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

The Board, through the Audit and Assurance Committee, will need to consider the Head of Internal Audit opinion together with assurances from other sources including reports issued by other review bodies, assurances given by management and other relevant information when forming a rounded picture on governance, risk management and control for completing its Governance Statement.

## **2.2 Purpose of the Head of Internal Audit Opinion**

The purpose of my annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of Health Education and Improvement Wales, which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control.

This opinion will in turn assist the Board in the completion of its Annual Governance Statement, and may also be taken into account by regulators including Healthcare Inspectorate Wales in assessing compliance with the Health & Care Standards in Wales, and by Audit Wales (formally Wales Audit Office) in the context of their external audit.

The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

## **2.3 Assurance Rating System for the Head of Internal Audit Opinion**

The assurance rating framework for expressing the overall audit opinion was refined in 2013/14 in consultation with key stakeholders across NHS Wales. In 2016/17, following further discussion with stakeholders, it was amended to remove the weighting given to three of the eight domains when judging the overall opinion. The framework applied in 2016/17 has been used again to guide the forming of the opinion for 2019/20.

The assurance rating system based upon the colour-coded barometer and applied to individual audit reports remains unchanged. The descriptive narrative used in these definitions as clarified in 2012/13 has proven effective in giving an objective and consistent measure of assurance in the context of assessed risk and associated control in those areas examined.

This same assurance rating system is applied to the overall Head of Internal Audit opinion on governance, risk management and control as to individual assignment audit reviews. The assurance rating system together with definitions is included at **Appendix D**.

The individual conclusions arising from the detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, please note that for presentational purposes we have shown the results using the eight assurance domains that were used to frame the audit plan at its outset (see section 2.4.2 and Appendix B).


A quality assurance review process has been applied by the Director of Audit & Assurance and the Head of Internal Audit in the annual reporting process to ensure that the overall opinion is consistent with the underlying audit evidence.



## 2.4 Head of Internal Audit Opinion

### 2.4.1 Scope of opinion

The scope of my opinion is confined to those areas examined in the risk based audit plan, which has been agreed with senior management and approved, by the Audit and Assurance Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement. The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.

	<p>The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.</p>
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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised.

### 2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2019/20, and reported to the Audit and Assurance Committee, has been aggregated at **Appendix B**.

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit and Assurance Committee throughout 2019/20. This assessment has taken account of the relative materiality of these areas.
- The result of audit assignments that have been issued in draft to the organisation before the issue of this opinion, but have yet to be reported to the Audit and Assurance Committee.
- Other assurance reviews, which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see 'Section 3 – Other Work' for details).

As stated above, these detailed results have been aggregated to build a picture of assurance across the organisation.

At the time of issuing the annual report there was one area where fieldwork was ongoing, this related to our review of medical training commissioning. The Head of Internal Audit has considered the work completed in this area to date, and does not consider there to be any matters identified that would affect the annual opinion.

We undertook one review that was not in the original plan for 2019/20. This was a follow up review of the employment status of casual workers, which was a limited assurance report in 2018/19.

Further, our proposed review of the workforce strategy has been deferred, as at the time of writing the opinion the draft strategy is with Welsh Government for review.

Where changes have been made to the audit plan then the reasons have been presented to the Audit and Assurance Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes made to the plan when forming their overall opinion.

A summary of the reviews and associated assurance ratings in each of the domains is set out below:

### Corporate governance, risk management and regulatory compliance

- **Risk management** – We issued a **reasonable** assurance report for our review of risk management. We identified one high, three medium and one low priority recommendation.

Management have introduced a risk management structure which is supported by a risk management policy and procedures. The risk policy has been implemented corporately and across all four directorates, with alignment to the Board Assurance Framework (BAF). The organisation's risk appetite has been defined and has been approved by the Board.

The high priority recommendation that we raised related to the relationship between the directorate risk registers and the corporate risk register. At the time of our fieldwork in December 2019 the directorate registers were standalone with no process in place to ensure that risks are escalated or de-escalated as necessary. Actions to address this, and the other recommendations that we raised, is ongoing.

- **Board and committee governance arrangements** – Our work identified that the Board and its committees meet regularly and have appropriate agendas in line with their respective terms of reference. Where appropriate, committees were providing reports to the Board and all meetings that we reviewed had been well attended and quorate. Action logs are produced following the Board and its committees, and the actions were appropriately assigned, with updates provided on the actions.

Our fieldwork identified one medium priority and one low priority recommendation and as such, we gave **substantial** assurance for this review.

### Strategic planning, performance management & reporting

- **Performance management** – Our review of performance management identified one high, four medium, and two low priority recommendations. Our work identified that HEIW has key elements of performance management in place, such as: a performance management group charged with responsibility for designing and developing a performance management framework architecture over the next few years; a key performance dashboard report that is reported to the Board; and a data glossary to define and validate performance data.

Our high priority recommendation related to the establishment of the formal performance management framework which HEIW can use to drive forward its performance management function.

Overall we issued a **reasonable** assurance report in relation to our work in this area.

- **Strategic planning – Integrated Medium Term Plan (IMTP)** – Our review of the IMTP development process found that the plan has been subject to regular review and approval from both the Executive Team and the Board. There had also been regular meetings with the Welsh Government (WG) throughout the development process. Our review confirmed that the IMTP drafting process had key external documents such as the NHS Wales Planning Framework 2020-23. As such, we did not identify any recommendations, and issued a **substantial** assurance report.

### Financial governance and management

- **Core financial systems** – The processes around budgetary control are far more embedded than they were during our 2018/19 review and there are some areas of good practice. Management have worked with directorates and developed a comprehensive contracts register. We also confirmed that VAT returns were submitted to HMRC each month. Our work on purchasing cards confirmed that monthly reconciliations to supporting documentation was being completed. While we identified a number of medium priority recommendations, we did not identify any of high priority. We issued a **reasonable** assurance report.

### Clinical governance quality & safety

- **Health and Safety** - Responsibility for health and safety has been defined at a Board level. A Health and Safety policy and suite of other health and safety related policies and procedures exist. A Health and Safety Committee has been formed, although it is still in its infancy, and the organisation is encouraging more staff to be members.

We raised three medium priority findings and issued a **reasonable** assurance report.

### Information governance & security

- **IT review** – We reported three medium and one low priority recommendations in our **reasonable** assurance report.

HEIW has an overseeing committee and a named executive lead for IM&T matters. There is also a nominated Senior Information Risk Officer in place. We found that work and objectives of the organisation's digital team is driven by the specific objectives relating to IT in the IMTP. While work had started on the 'digital' strategy that should set out how HEIW wants to use technology to deliver the organisation's objectives, it had paused to enable input from the new digital director.

- **Freedom of Information (FoI)** – The organisation has developed procedures for dealing with FoI requests and these are available to staff, further information is provided via the information governance mandatory training and through face-to-face training.

However, we identified a high priority recommendation in relation as at the time of our review HEIW did not have a publication scheme in place, meaning that the organisation was not fully compliant with the requirements of the legislation. We also identified one medium priority, and three low priority recommendations. We issued a **reasonable** assurance report.

- **General Data Protection Regulation (GDPR)** - The Audit and Assurance Committee oversees information governance, and it regularly receives reports, which include GDPR related matters. There is guidance and relevant policies in place for GDPR.

We raised a high priority recommendation as while work has started on developing an information asset register, it was incomplete at the time of our review. We also raised two medium and two low priority findings and issued a **reasonable** assurance report.

#### Operational service and functional management

- As noted in section 2.4.4 below, at the time of the opinion, our work in this domain, relating to medical training commissioning, was still in progress.

#### Workforce management

- **Casual workers employment status - follow up** – We followed up on progress made against the recommendations raised in our 2018/19 limited assurance report. Sufficient progress on the implementation of the recommendations meant that we issued a **reasonable** assurance report.
- **Values and behaviours framework** – The framework was developed using a robust methodology that involved a high level of staff engagement. We issued a **reasonable** assurance report and reported two medium and one low priority recommendation.

#### Capital & estates management

- We did not plan to undertake any reviews in this domain during 2019/20.

### 2.4.3 Limitations to the Audit Opinion

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems.

As mentioned above, the scope of the audit opinion is restricted to those areas, which were the subject of audit review through the performance of the risk-based Internal Audit plan. In accordance with Public Sector Internal Audit Standards (PSIAS) and, with the agreement of senior management and the Board, Internal Audit work is deliberately prioritised according to risk and materiality. Accordingly, the Internal

Audit work and reported outcomes will bias towards known weaknesses as a driver to improve governance risk management and control. This context is important in understanding the overall opinion and balancing that across the various assurances which feature in the Annual Governance Statement.

Caution should be exercised when making comparisons with prior years. Audit coverage will vary from year to year based upon risk assessment and cyclical coverage on key control systems.

#### **2.4.4 Period covered by the Opinion**

Internal Audit provides a continuous flow of assurance to the Board and subject to the key financials and other mandated items being completed in-year the cut-off point for annual reporting purposes can be set by agreement with management. To enable the Head of Internal Audit opinion to be better aligned with the production of the Annual Governance Statement a pragmatic cut-off point has been applied to Internal Audit work in progress.

Audit work reported to draft stage has been included in the overall assessment, all other work in progress will be rolled-forward and reported within the overall opinion for next year. At the time of the opinion there is one review that is work in progress, which is a review of the medical training commissioning process. The Head of Internal Audit has assessed the audit work completed to date and considered that there would be no impact on the overall Head of Internal Audit Opinion.

The majority of audit reviews will relate to the systems and processes in operation during 2019/20 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment. Follow-up work will provide an assessment of action taken by management on recommendations made in prior periods and will therefore provide a limited scope update on the current condition of control and a measure of direction of travel.

### **2.5 Required Work**

There is one piece of work that Welsh Government has required previously that Internal Audit should review each year, this is the Annual Governance Statement.

Where appropriate, our work is reported in Section 5 – Risk based Audit Assignments and at **Appendix B**.

### **2.6 Statement of Conformance**

The Welsh Government determined that the Public Sector Internal Audit Standards (PSIAS) would apply across the NHS in Wales from 2013/14.

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. The work of Internal Audit is also subject to an annual assessment by Audit Wales. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Internal Auditors (IIA) in February and March 2018. The IIA concluded that NWSSP's Audit & Assurance Services conforms with all 64 fundamental principles and it is therefore appropriate for NWSSP Audit & Assurance Services to

say in reports and other literature that it conforms to the IIA's professional standards and to PSIAS.'

The NWSSP Audit and Assurance Services can assure the Audit and Assurance Committee that it has conducted its audit at HEIW in conformance with the Public Sector Internal Audit Standards for 2019/20.

Our conformance statement for 2019/20 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2019/20 which will be reported formally in the Summer of 2020;
- the results of the work completed by Audit Wales; and
- the results of the External Quality Assessment undertaken by the IIA.

We have set out, in **Appendix A**, the key requirements of the Public Sector Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP will be included in the 2019/20 QAIP report. There are no significant matters arising that need to be reported in this document.

## **2.7 Completion of the Annual Governance Statement**

While the overall Internal Audit opinion will inform the review of effectiveness for the Annual Governance Statement the Accountable Officer and the Board need to take into account other assurances and risks when preparing their statement. These sources of assurances will have been identified within the Board's own performance management and assurance framework and will include, but are not limited to:

- Direct assurances from management on the operation of internal controls through the upward chain of accountability.
- Results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management.
- Reviews completed by external regulation and inspection bodies including Audit Wales and Healthcare Inspectorate Wales.

## **3. OTHER WORK RELEVANT TO HEIW**

As our internal audit work covers all NHS organisations there are a number of audits that we undertake each year which, while undertaken formally as part of a particular health organisation's audit programme, will cover activities relating to other health bodies. The Head of Internal Audit has had regard to these audits, which are listed below.

### **NHS Wales Shared Services Partnership (NWSSP)**

As part of the Internal Audit programme at NHS Wales Shared Services Partnership (NWSSP), a hosted body of Velindre NHS Trust, a number of audits were undertaken which are relevant to the organisation. These audits of the financial systems operated by NWSSP, processing transactions on behalf of the organisation, derived the following opinion ratings:

- Procurement services - Accounts Payable (Reasonable)
- Employment Services – Payroll (Reasonable)



Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP Internal Audit programme.

The overall Head of Internal Audit Opinion for NWSSP has given an overall rating of Reasonable Assurance.

### **NHS Wales Informatics Service (NWIS)**

We have also undertaken five audits relating to the processes and operations of NWIS, which are relevant to the organisation. These were:

- Infrastructure/network management (Reasonable);
- Service provision (Reasonable);
- Change control – follow up (Substantial);
- Supplier management (Limited); and
- GDPR (Limited).

While these audits do not form part of the annual plan for HEIW, they are listed here for completeness as they do impact on the organisation's activities. The Head of Internal Audit has considered if any issues raised in the audits could impact on the content of our annual report, and concluded that there are no matters of this nature.

Full details of the NWSSP audits are included in the NWSSP Head of Internal Audit Opinion and Annual Report and are summarised in the Velindre NHS Trust Head of Internal Audit Opinion and Annual Report, along with the NWIS audits.

## **4. DELIVERY OF THE INTERNAL AUDIT PLAN**

### **4.1 Performance against the Audit Plan**

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Audit and Assurance Committee. Regular audit progress reports have been submitted to the Audit and Assurance Committee during 2019/20. Audits which remain to be reported and reflected within this Annual Report will be reported alongside audits from the 2020/21 operational audit plan.

The assignment status summary is reported at Section 5 and **Appendix B**.

### **4.2 Service Performance Indicators**

In order to be able to demonstrate the quality of the service delivered by Internal Audit, a range of service performance indicators supported by monitoring systems have been developed. The key performance indicators are summarised in the **Appendix C**.

Post audit questionnaires are issued following the finalisation of all audit assignments. As at 15 June 2020, the response rate has been 50% (5 out of 10) (2018/19 25%). Where respondents have made specific comments, these have been reviewed by the Head of Internal Audit for any necessary action. We will work with the organisation to improve this response rate.

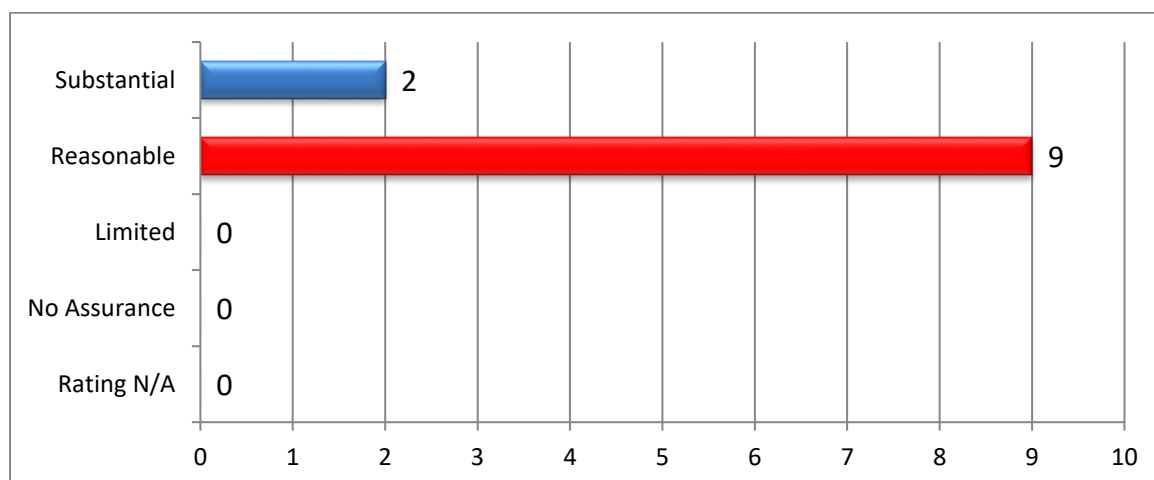
## 5. RISK BASED AUDIT ASSIGNMENTS

The overall opinion provided in Section 1 and our conclusions on individual areas is limited to the scope and objectives of the reviews we have undertaken, detailed information on which has been provided within the individual audit reports.

### 5.1 Overall summary of results

In total 11 audit reviews were reported during the year. Figure 1 below presents the assurance ratings and the number of audits derived for each.

**Figure 1** Summary of audit ratings



The assurance ratings and definitions used for reporting audit assignments are included in **Appendix D**.

The following sections provide a summary of the scope and objective for each assignment undertaken within the year along with the assurance rating.



## 5.2 Substantial Assurance



In the following review areas the Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Those few matters that may require attention are compliance or advisory in nature with low impact on residual risk exposure.

Review Title	Objective
Governance arrangements	The review sought to provide assurance to the Audit and Assurance Committee that risks material to the system's objectives are managed appropriately. Our review considered the review process for the effectiveness of the Board and its committees, reporting to committees, and Board and committee roles and responsibilities.
Strategic planning – Integrated Medium Term Plan	The objectives of this review were to consider governance arrangements, alignment with Welsh Government and other strategic guidance, and stakeholder engagement.

## 5.3 Reasonable Assurance



In the following review areas the Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Some matters require management attention in either control design or operational compliance and these will have low to moderate impact on residual risk exposure until resolved.

Review Title	Objective
Health & Safety	The objectives of this review included the appropriateness of the related policies and procedures, training arrangements, and monitoring and reporting of health and safety matters.

Review Title	Objective
Core Financial systems	Our audit work focused on budgetary control, the contracts register, purchasing cards and VAT returns
General Data Protection Regulation (GDPR)	The overall objective of the audit was to evaluate and determine the adequacy of systems and controls in place in order to enable compliance with GDPR.
IT review	The overall objective of the audit was to evaluate and determine the adequacy of systems and controls in place for the management of IM&T. Our work focused on strategy and governance arrangements, risk and disaster recovery.
Freedom of Information	The overall objective of the audit was to evaluate and determine the adequacy of systems and controls in place in relation to dealing with requests for information under the appropriate legislation.
Performance management	Our review of performance management considered the implementation of performance measures, and the monitoring and reporting of these measures.
Risk management	The overall objective of the audit was to evaluate and determine the adequacy of the systems and controls in place in relation to the organisation's risk management arrangements. We considered HEIW risk management policy, the development of the Board Assurance Framework, and the risk training provided to staff.
Values and behaviours	The overall objective of the audit was to evaluate and determine the adequacy of the systems and controls in place in relation to the organisation's Values and Behaviours Framework.

Review Title	Objective
Workforce (Casual workers employment status) – follow up	The objective of our follow-up review was to provide HEIW with assurance regarding the implementation of the agreed management responses from the casual workers employment status audit undertaken in 2018/19.

#### 5.4 Audit not undertaken

The following audit was not undertaken for the reason outlined below.

Review Title	Objective
Workforce strategy for health and social care review	The strategy has been drafted and submitted to Welsh Government for review and feedback. We plan to review the implementation of the strategy and its link to the organisation when it has been formally approved.

### 6. ACKNOWLEDGEMENT

In closing, I would like to acknowledge the time and co-operation given by directors and staff of HEIW to support delivery of the Internal Audit assignments undertaken within the 2019/20 plan.

**Paul Dalton**

**Head of Internal Audit**

**Audit and Assurance Services**

**NHS Wales Shared Services Partnership**

**June 2020**

<b>ATTRIBUTE STANDARDS:</b>	
<b>1000 Purpose, authority and responsibility</b>	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit Committee on an annual basis.
<b>1100 Independence and objectivity</b>	Appropriate structures and reporting arrangements are in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit Committee chair.
<b>1200 Proficiency and due professional care</b>	Staff are aware of the Public Sector Internal Audit Standards and code of ethics. Appropriate staff are allocated to assignments based on knowledge and experience. Training and Development exist for all staff. The Head of Internal Audit is professionally qualified.
<b>1300 Quality assurance and improvement programme</b>	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. WAO complete an annual assessment. An EQA was undertaken in 2018.
<b>PERFORMANCE STANDARDS:</b>	
<b>2000 Managing the Internal Audit activity</b>	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk based strategic and annual operational plan is developed for the organisation. The operational plan gives detail of specific assignments and sets out overall resource requirement. The

	<p>audit strategy and annual plan is approved by Audit Committee.</p> <p>Policies and procedures which guide the Internal Audit activity are set out in an Audit Quality Manual. There is structured liaison with WAO, HIW and LCFS.</p>
<b>2100 Nature of work</b>	The risk based plan is developed and assignments performed in a way that allows for evaluation and improvement of governance, risk management and control processes, using a systematic and disciplined approach.
<b>2200 Engagement planning</b>	The Audit Quality Manual guides the planning of audit assignments which include the agreement of an audit brief with management covering scope, objectives, timing and resource allocation.
<b>23000 Performing the engagement</b>	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
<b>2400 Communicating results</b>	<p>Assignment reports are issued at draft and final stages. The report includes the assignment scope, objectives, conclusions and improvement actions agreed with management. An audit progress report is presented at each meeting of the Audit Committee.</p> <p>An annual report and opinion is produced for the Audit Committee giving assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p>
<b>2500 Monitoring progress</b>	An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit Committee. In addition audit reports are followed-up by Internal Audit on a selective basis as part of the operational plan.

**2600 Communicating the acceptance of risks**

If Internal Audit considers that a level of inappropriate risk is being accepted by management it would be discussed and will be escalated to Board level for resolution.

### **AUDIT RESULTS GROUPED BY ASSURANCE DOMAIN**

<b>Assurance domain</b>	<b>Audit Count</b>	<b>Not rated</b>	<b>No assurance</b>	<b>Limited assurance</b>	<b>Reasonable assurance</b>	<b>Substantial assurance</b>
Clinical Governance, Quality and Safety	1	-	-	-	● Health & Safety	-
Corporate Governance, Risk and Regulatory Compliance	2	-	-	-	● Risk management	● Governance arrangements
Financial Governance and Management	3	-	-	-	● Core financial systems ■ Accounts Payable* ■ Payroll*	-
Strategic Planning, Performance Management and Reporting	2	-	-	-	● Performance management	● IMTP review
Information Governance and Security	3	-	-	-	● Freedom of Information	-

Assurance domain	Audit Count	Not rated	No assurance	Limited assurance	Reasonable assurance	Substantial assurance
					<ul style="list-style-type: none"> <li>GDPR</li> <li>IT review</li> </ul>	
Operational Service and Functional Management	-	-	-	-	-	-
Workforce Management	2	-	-	-	<ul style="list-style-type: none"> <li>Casual workers – follow up</li> <li>Values and behaviours</li> </ul>	-
Capital and Estates Management	-	-	-	-	-	-

**Key to symbols:**

- Audit undertaken within the annual Internal Audit plan.
- \* This domain outcome also includes the two financial system audits undertaken through the audit of NWSSP as they include transactions processed on behalf of HEIW.
- Italics* Reports not yet finalised but have been issued in draft.

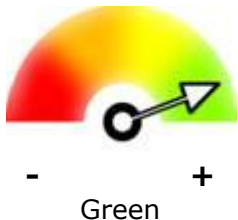
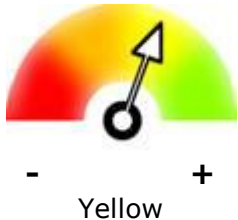
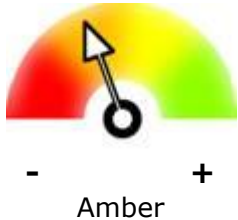
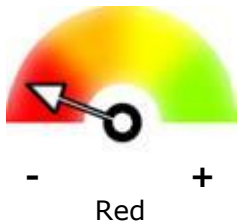


### **PERFORMANCE INDICATORS as at 15 June 2020**

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2019/20	<b>G</b>	March 2019	N/A	Not agreed	Draft plan	Final plan
Total assignments reported against plan for 2019/20 [Draft and Final]	<b>G</b>	100%	90%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	<b>G</b>	100%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	<b>G</b>	91%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	<b>G</b>	100%	80%	v>20%	10%<v<20%	v<10%

Key: v = percentage variance from target performance

## Audit Assurance Ratings

RATING	INDICATOR	DEFINITION
Substantial assurance		The Board can take <b>substantial assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with <b>low impact on residual risk</b> exposure.
Reasonable assurance		The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with <b>low to moderate impact on residual risk</b> exposure until resolved.
Limited assurance		The Board can take <b>limited assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with <b>moderate impact on residual risk</b> exposure until resolved.
No assurance		The Board has <b>no assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with <b>high impact on residual risk</b> exposure until resolved.

## **Confidentiality**

This report is supplied on the understanding that it is for the sole use of the persons to whom it is addressed and for the purposes set out herein. No persons other than those to whom it is addressed may rely on it for any purposes whatsoever. Copies may be made available to the addressee's other advisers provided it is clearly understood by the recipients that we accept no responsibility to them in respect thereof. The report must not be made available or copied in whole or in part to any other person without our express written permission.

In the event that, pursuant to a request which the client has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify the Head of Internal Audit promptly and consult with the Head of Internal Audit and Board Secretary prior to disclosing such report.

HEIW shall apply any relevant exemptions which may exist under the Act. If, following consultation with the Head of Internal Audit this report or any part thereof is disclosed, management shall ensure that any disclaimer which NHS Wales Audit & Assurance Services has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

## **Audit**

The audits were undertaken using a risk-based auditing methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the organisation. Following interviews with relevant personnel and a review of key documents, files and computer data, an evaluation was made against applicable policies procedures and regulatory requirements and guidance as appropriate.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Where a control objective has not been achieved, or where it is viewed that improvements to the current internal control systems can be attained, recommendations have been made that if implemented, should ensure that the control objectives are realised/ strengthened in future.

A basic aim is to provide proactive advice, identifying good practice and any systems weaknesses for management consideration.

## **Responsibilities**

Responsibilities of management and Internal Auditors:

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we may carry out additional work directed towards identification of fraud or other irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, cannot ensure fraud will be detected. The organisation's Local Counter Fraud Officer should provide support for these processes.



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**GIG**  
CYMRU  
**NHS**  
WALES

Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

<b>Dyddiad Cyfarfod</b>	<b>23 Mehefin 2020</b>	<b>Eitem Agenda</b>	<b>2.4</b>
<b>Teitl Adroddiad</b>	<b>Cyfrifon Blynyddol Terfynol 2019-20</b>		
<b>Awdur Adroddiad</b>	Martyn Pennell, Pennaeth Cyfrifon Ariannol		
<b>Noddwr Adroddiad</b>	Eifion Williams, Cyfarwyddwr Cyllid		
<b>Cyflwynwyd gan</b>	Eifion Williams, Cyfarwyddwr Cyllid		
<b>Rhyddid Gwybodaeth</b>	Agored		
<b>Pwrpas yr Adroddiad</b>	Cyflwyno i'r Pwyllgor Archwilio & Sicrwydd gyfrifon blynyddol archwiliedig ar gyfer AaGIC ar gyfer 2019/20 a gofyn i'r Pwyllgor argymhell fod y Bwrdd yn cymeradwyo'r cyfrifon cyn eu cyflwyno i Lywodraeth Cymru.		
<b>Materion Allweddol</b>	<p>Mae'r Cyfrifon Blynyddol archwiliedig (Atodiad 1) yn dangos fod AaGIC wedi cyraedd ei ofynion ariannol ar gyfer 2019/20, sef:</p> <ul style="list-style-type: none"> <li>• mantoli'r bwlch o ran Adnoddau Refeniw yn ystod y cyfnod cyfrifo.</li> <li>• mantoli'r cyfrifon yn erbyn ei Therfyn Adnoddau Cyfalaf dros y cyfnod cyfrifo.</li> <li>• talu o leiaf 95% o anfonebau y tu allan i'r GIG o fewn 30 diwrnod calendr.</li> </ul>		
<b>Camau penodol sydd eu hangen (Rhowch un ✓ yn unig)</b>	<b>Gwybodaeth</b>	<b>Trafodaeth</b>	<b>Sicrwydd</b>
			<b>Cymeradwyo</b> ✓
<b>Argymhellion</b>	<p>Gofynnir i Aelodau: Nodi cyfrifon archwiliedig Addysg a Gwella Iechyd Cymru ar gyfer 2019/20.</p> <p>Darparu argymhelliad i'r Bwrdd gymeradwyo cyfrifon archwiliedig AaGIC ar gyfer 2019/20.</p>		

## **CYFRIFON BLYNYDDOL TERFYNOL 2019-20**

### **1. CYFLWYNIAD**

Diben yr adroddiad hwn yw darparu diweddariad i'r Pwyllgor Archwilio a Sicrwydd ar y broses Cyfrifon Blynyddol ar gyfer Addysg a Gwella Iechyd Cymru am 2019/20.

### **2. CEFNDIR**

Yn y Pwyllgor Archwilio a Sicrwydd ar 6 Mai 2020 cyflwynwyd cyfrifon 2019/20 drafft AaGIC ar gyfer 2019/20 i'r Aelodau, y cyfrifon a oedd wedi'u cyflwyno i Lywodraeth Cymru ar 28ain Ebrill 2020.

Cyflwynwyd fersiwn wedi'i diweddaru o'r cyfrifon i'r Pwyllgor yn y cyfarfod nesaf ar 26 Mai 2020. Roedd y cyfrifon hyn wedi bod yn destun adolygiad gan Archwilio Cymru, ond oherwydd bod y dyddiadau cyflwyno gwreiddiol wedi'u hymestyn ar gyfer pob sefydliad GIG-Cymru nid oeddent yn gallu cyhoeddi eu barn archwilio derfynol bryd hynny.

Yn ystod y cyfnod interim, gweithiodd Archwilio Cymru i glirio'r ymholiadau oedd yn weddill, ac yn y Pwyllgor sicrwydd archwilio ar 23ain Mehefin 2020, cyflwynwyd eu hadroddiad ISA260 terfynol yn nodi eu bod yn cynnig cyhoeddi adroddiad archwilio diamod ar gyfer cyfrifon blynyddol AaGIC ar gyfer 2019/20.

Fel rhan o'r broses archwilio, gwnaed nifer o ddiwygiadau i'r cyfrifon drafft, ac mae'r prif fanylion wedi'u cynnwys yn Adroddiad ISA260 a llythyr rheoli Archwiliad Cymru. Mae fersiwn derfynol y cyfrifon wedi'i chynnwys yn Atodiad 1 er gwybodaeth.

Mae'r trefniadau llywodraethu ar gyfer AaGIC yn ei gwneud yn ofynnol bod y Pwyllgor Archwilio a Sicrwydd yn cael y cyfrifon blynyddol ac, yn amodol ar ystyriaeth, yn cyhoeddi argymhelliad i'r Bwrdd ei gymeradwyo.

Yn amodol ar gymeradwyaeth y Bwrdd, bydd y cyfrifon yn cael eu cyflwyno i Lywodraeth Cymru erbyn dydd Mawrth 30 Mehefin yn unol â'r terfynau amser diwygiedig ar gyfer cyflwyno adroddiadau, a chânt eu llofnodi gan yr Archwilydd Cyffredinol ddechrau Gorffennaf 2020.

Hoffai AaGIC estyn ei ddiolch i dîm Archwilio Cymru am eu cydweithrediad a'u cymorth drwy gydol y broses gau ddiwedd y flwyddyn, mewn blwyddyn a fu'n unigryw ac yn heriol.

### **3. CYNNIG**

Gofynnir i'r Pwyllgor Archwilio a Sicrwydd adolygu'r cyfrifon archwiliedig ar y cyd ag adroddiad ISA 260 a gyflwynwyd iddo gan Archwilio Cymru yn y cyfarfod hwn, ac ystyried argymhell bod y Bwrdd yn cymeradwyo'r cyfrifon ar gyfer y flwyddyn ariannol 2019/20.

#### **4. MATERION LLYWODRAETHU A RISG**

Ni nodwyd unrhyw faterion llywodraethu na risg.

#### **5. GOBLYGIADAU ARIANNOL**

Mae'r Cyfrifon Blynyddol terfynol ar gyfer 2019/20 ar gyfer AaGIC wedi'u cynnwys yn Atodiad 1. Ni fu angen unrhyw addasiadau i'r gwerthoedd yn y prif ddatganiadau ariannol yn ystod yr archwiliad, ac felly nid oes unrhyw newid i'r dangosyddion ariannol. Y gofynion yw:

- mantoli'r bwlch o ran Adnoddau Refeniw yn ystod y cyfnod cyfrifo. Mae Nodyn 2.1 ar dudalen 22 o'r datganiadau ariannol yn dangos tanwariant refeniw ar gyfer y cyfnod cyfrifyddu o £ 84k.
- mantoli'r cyfrifon yn erbyn ei Therfyn Adnoddau Cyfalaf dros y cyfnod cyfrifo. Mae Nodyn 2.2. ar dudalen 22 o'r datganiadau ariannol yn dangos sefyllfa gyfalaf gytbwys ar gyfer y cyfnod cyfrifo.
- talu o leiaf 95% o anfonebau y tu allan i'r GIG o fewn 30 diwrnod calendr. Mae Nodyn 2.4 ar dudalen 23 yn dangos bod 95.2% o'r holl anfonebau nad ydynt yn rhai GIG yn cael eu talu o fewn y targed.

#### **6. ARGYMHELLION**

Gofynnir i Aelodau;

Nodi'r cyfrifon archwiliedig ar gyfer Addysg a Gwella Iechyd Cymru am 2019/20; a

Darparu argymhelliad i'r Bwrdd gymeradwyo cyfrifon archwiliedig AaGIC ar gyfer 2019/20.

<b>Llywodraethu a Sicrwydd</b>			
<b>Cyswllt ag amcanion strategol yr IMTP (✓ ogydd)</b>	<b>Amcan Strategol 1:</b> Arwain y gwaith o gynllunio, datblygu a sicrhau gweithlu cymwys, cynaliadwy a hyblyg i helpu i gyflawni 'Cymru Iachach'	<b>Amcan Strategol 2:</b> Gwella ansawdd a hygyrchedd addysg a hyfforddiant i'r holl staff gofal iechyd gan sicrhau ei fod yn diwallu anghenion y dyfodol	<b>Amcan Strategol 3:</b> Gweithio gyda phartneriaid i ddylanwadu ar newid diwylliannol o fewn GIG Cymru drwy feithrin gallu i arwain yn dosturiol ac ar y cyd ar bob lefel
	✓	✓	
	<b>Nod Strategol 4:</b> I ddatblygu'r gweithlu i gefnogi'r gwaith o gyflawni diogelwch ac ansawdd	<b>Nod Strategol 5:</b> Bod yn gyflogwr enghreifftiol ac yn lle gwych i weithio	<b>Nod Strategol 6:</b> I gael ein cydnabod fel partner rhagorol, yn ddylanwadr ac arweinydd
<b>Ansawdd, Diogelwch a Phrofiad y Claf</b>			
Nid oes unrhyw effaith ar ansawdd, diogelwch na phrofiad y claf.			
<b>Goblygiadau Ariannol</b>			
Nid oes unrhyw oblygiadau ariannol uniongyrchol o ganlyniad i'r papur hwn. Ymdrinnir â'r cydymffurfriad â'r dyletswyddau ariannol a osodir ar AaGIC ym mharagraff 5 uchod.			
<b>Goblygiadau Cyfreithiol (gan gynnwys asesiad o gydraddoldeb ac amrywiaeth)</b>			
Mae'n ofyniad statudol ar AaGIC i gynhyrchu set o gyfrifon blynyddol yn unol â'r terfynau amser a bennwyd. Bydd adolygu a chymeradwyo'r cyfrifon gan y Pwyllgor Archwilio & Sicrwydd ar 23ain Mehefin 2020 a'r Bwrdd ar 25 Mehefin 2020 yn bodloni'r gofynion cyfreithiol.			
<b>Goblygiadau Staffio</b>			
Nid oes unrhyw oblygiadau staffio uniongyrchol.			
<b>Goblygiadau Tymor Hir (gan gynnwys effaith Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015)</b>			
Nid oes unrhyw oblygiadau hir dymor.			
<b>Hanes yr Adroddiad</b>	<ul style="list-style-type: none"> <li>Cyflwynwyd y Cyfrifon Blynyddol drafft i'r Pwyllgor Archwilio a Sicrwydd ar 6 Mai 2020.</li> <li>Cyflwynwyd papur wedi'i ddiweddarau i'r Pwyllgor Archwilio &amp; Sicrwydd ar 26 Mai 2020.</li> </ul>		
<b>Atodiadau</b>	Atodiad 1 – Cyfrifon Blynyddol AaGIC 2019/20		



# Health Education and Improvement Wales (HEIW)

## FOREWORD

These accounts have been prepared by Health Education and Improvement Wales, a Welsh Special Health Authority under schedule 9 section 178 Para 3(1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers have, with the approval of the Treasury, directed.

These accounts cover the period 1st April 2019 to 31st March 2020.

### Statutory background

HEIW was established by establishment order 2017 No. 913 (W. 224) which was made 11th September 2017 and came into force on the 5th October 2017.

HEIW operated in a shadow form until 1st October 2018 with all establishment and set up costs being borne by the Welsh Government, and with the predecessor bodies of NHS Wales Shared Services Partnership (NWSSP) hosted by Velindre University NHS Trust and Cardiff University delivering operational activity to 30th September 2018.

On 1st October 2018 staff were transferred into HEIW and the organisation became fully operational. The initial accounting period ran from 5th October 2017 to 31st March 2019, but presented the accounting transactions only for the period of live operation from 1st October 2018 to 31st March 2019. The second accounting period runs from 1st April 2019 to 31st March 2020.

HEIW is the only Special Health Authority within Wales and has a leading role in the education, training, development and shaping of the healthcare workforce, supporting high-quality care for the people of Wales.

### Performance Management and Financial Results

HEIW must comply fully with the Treasury's Financial Reporting Manual to the extent that it is applicable to them. As a result, the Primary Statement of in-year income and expenditure is the Statement of Comprehensive Net Expenditure, which shows the net operating cost incurred by HEIW which is funded by the Welsh Government. This funding is allocated on receipt directly to the General Fund in the Statement of Financial Position.

HEIW has an annual requirement to achieve a balanced year end position against the Resource limits set for the year.

Performance against the resource limit is reported in Note 2 to the financial statements.

# Statement of Comprehensive Net Expenditure for the period ended 31 March 2020

		2019-20	05-Oct-17 to 31-Mar-19
	Note	£000	£'000
Non Medical Education And Training	3.1	109,934	56,766
Postgraduate Medical, Dental & Pharmacy Education	3.2	76,217	36,016
Other Operating Expenditure	3.3	27,567	13,177
		<b>213,718</b>	105,959
Less: Miscellaneous Income	4	(698)	(309)
<b>Net operating costs before interest and other gains and losses</b>		<b>213,020</b>	105,650
Investment Revenue	5	0	0
Other (Gains) / Losses	6	0	0
Finance costs	7	0	0
<b>Net operating costs for the financial period</b>		<b>213,020</b>	105,650

See note 2 on page 22 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 62 form part of these accounts

**Other Comprehensive Net Expenditure**

		<b>05-Oct-17 to 31-Mar-19</b>
	<b>2019-20 £000</b>	<b>£'000</b>
Net gain / (loss) on revaluation of property, plant and equipment	0	0
Net gain / (loss) on revaluation of intangibles	0	0
(Gain) / loss on other reserves	0	0
Net gain / (loss) on revaluation of available for sale financial assets	0	0
Impairment and reversals	0	0
Other comprehensive net expenditure for the period	0	0
	<hr/>	<hr/>
<b>Total comprehensive net expenditure for the period</b>	<b>213,020</b>	<b>105,650</b>
	<hr/>	<hr/>

The notes on pages 8 to 62 form part of these accounts

**Statement of Financial Position as at 31 March 2020**

		<b>31 March 2020</b>	<b>As at 31 March 2019</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	2,595	2,989
Intangible assets	12	0	0
Trade and other receivables	15	0	0
Other financial assets	16	0	0
<b>Total non-current assets</b>		<b>2,595</b>	<b>2,989</b>
<b>Current assets</b>			
Inventories	14	0	0
Trade and other receivables	15	1,074	801
Other financial assets	16	0	0
Cash and cash equivalents	17	7,465	6,240
		<b>8,539</b>	<b>7,041</b>
Non-current assets classified as "Held for Sale"	11	0	0
<b>Total current assets</b>		<b>8,539</b>	<b>7,041</b>
<b>Total assets</b>		<b>11,134</b>	<b>10,030</b>
<b>Current liabilities</b>			
Trade and other payables	18	(7,157)	(6,121)
Other financial liabilities	19	0	0
Provisions	20	(130)	(30)
<b>Total current liabilities</b>		<b>(7,287)</b>	<b>(6,151)</b>
<b>Net current assets/ (liabilities)</b>		<b>1,252</b>	<b>890</b>
<b>Non-current liabilities</b>			
Trade and other payables	18	(171)	(194)
Other financial liabilities	19	0	0
Provisions	20	0	0
<b>Total non-current liabilities</b>		<b>(171)</b>	<b>(194)</b>
<b>Total assets employed</b>		<b>3,676</b>	<b>3,685</b>
<b>Financed by :</b>			
<b>Taxpayers' equity</b>			
General Fund		3,676	3,685
Revaluation reserve		0	0
<b>Total taxpayers' equity</b>		<b>3,676</b>	<b>3,685</b>

The financial statements on pages 2 to 7 were approved by the Board on 25 June 2020 and signed on its behalf by:

Chief Executive and Accountable Officer .....

Date .....

25 06 2020

The notes on pages 8 to 62 form part of these accounts

## Statement of Changes in Taxpayers' Equity

### For the period ended 31 March 2020

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
<b>Changes in taxpayers' equity</b>			
<b>Balance at 1 April 2019</b>	3,685	0	<b>3,685</b>
Net operating cost for the period	(213,020)		<b>(213,020)</b>
Net gain/(loss) on revaluation of property, plant and equipment	0	0	<b>0</b>
Net gain/(loss) on revaluation of intangible assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of financial assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of assets held for sale	0	0	<b>0</b>
Impairments and reversals	0	0	<b>0</b>
Other reserve movement	0	0	<b>0</b>
Transfers between reserves	0	0	<b>0</b>
Release of reserves to SoCNE	0	0	<b>0</b>
Transfers to/from (please specify)	0	0	<b>0</b>
<b>Total recognised income and expense for period</b>	<b>(213,020)</b>	<b>0</b>	<b>(213,020)</b>
Net Welsh Government funding	212,496		<b>212,496</b>
Welsh Government notional funding	515		<b>515</b>
<b>Balance at 31 March 2020</b>	<b>3,676</b>	<b>0</b>	<b>3,676</b>

The notes on pages 8 to 62 form part of these accounts

## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2019

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
<b>Changes in taxpayers' equity</b>			
<b>Balance at 5 October 2017</b>	0	0	0
Net operating cost for the year	(105,650)		(105,650)
Net gain/(loss) on revaluation of property, plant and equipment	0	0	0
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other reserve movement	0	0	0
Transfers between reserves	0	0	0
<b>Release of reserves to SoCNE</b>	0	0	0
Transfers to/from LHBs	0	0	0
<b>Total recognised income and expense for period</b>	(105,650)	0	(105,650)
Net Welsh Government funding	109,335		109,335
Welsh Government notional funding	0		0
<b>Balance at 31 March 2019</b>	3,685	0	3,685

The notes on pages 8 to 62 form part of these accounts

<b>Statement of Cash Flows for period ended 31 March 2020</b>		<b>05-Oct-17 to 31-Mar-19 £'000</b>
	<b>2019-20 £'000</b>	<b>£'000</b>
<b>Cash Flows from operating activities</b>	notes	
Net operating cost for the financial period		(213,020) (105,650)
Movements in Working Capital	27	740 5,514
Other cash flow adjustments	28	1,112 142
Provisions utilised	20	(8) 0
<b>Net cash outflow from operating activities</b>		<b>(211,176) (99,994)</b>
<b>Cash Flows from investing activities</b>		
Purchase of property, plant and equipment		(95) (3,101)
Proceeds from disposal of property, plant and equipment		0 0
Purchase of intangible assets		0 0
Proceeds from disposal of intangible assets		0 0
Payment for other financial assets		0 0
Proceeds from disposal of other financial assets		0 0
Payment for other assets		0 0
Proceeds from disposal of other assets		0 0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(95) (3,101)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(211,271) (103,095)</b>
<b>Cash Flows from financing activities</b>		
Welsh Government funding (including capital)		212,496 109,335
Capital receipts surrendered		0 0
Capital grants received		0 0
Capital element of payments in respect of finance leases and on-SoFP		0 0
Cash transferred (to)/ from other NHS bodies		0 0
<b>Net financing</b>		<b>212,496 109,335</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,225 6,240</b>
<b>Cash and cash equivalents (and bank overdrafts) at 1 April 2019</b>		<b>6,240 0</b>
<b>Cash and cash equivalents (and bank overdrafts) at 31 March 2020</b>		<b>7,465 6,240</b>

The notes on pages 8 to 62 form part of these accounts

## **Notes to the Accounts**

### **1. Accounting policies**

The Minister for Health and Social Services has directed that the financial statements of Special Health Authorities (SHAs) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2019-20 Manual for Accounts. The accounting policies contained in that manual follow the 2019-20 Financial Reporting Manual (FReM), which applies European Union adopted IFRS and Interpretations in effect for accounting periods commencing on or after 1 January 2019, except for IFRS 16 Leases, which is deferred until 1 April 2021; to the extent that they are meaningful and appropriate to the NHS in Wales.

Where the Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the SHA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the SHA are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### **1.1. Accounting convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

#### **1.2. Acquisitions and discontinued operations**

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

#### **1.3. Income and funding**

The main source of funding for the SHA are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of the SHA. Welsh Government funding is recognised in the financial period in which the cash is received.

Non-discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

Funding for the acquisition of fixed assets received from the Welsh Government is credited to the General Fund.

Miscellaneous income is income which relates directly to the operating activities of the SHA and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the SHA for the Welsh Government. Income received from LHBs transacting with the SHA is always treated as miscellaneous income.

From 2018-19, IFRS 15 Revenue from Contracts with Customers has been applied, as interpreted and adapted for the public sector, in the FReM. It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. The potential amendments identified as a result of the adoption of IFRS 15 are significantly below materiality levels.



Income is accounted for applying the accruals convention. Income is recognised in the period in which services are provided. Where income had been received from third parties for a specific activity to be delivered in the following financial year, that income will be deferred.

Only non-NHS income may be deferred.

#### **1.4. Employee benefits**

##### **1.4.1. Short-term employee benefits**

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

##### **1.4.2. Retirement benefit costs**

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The latest NHS Pension Scheme valuation results indicated that an increase in benefit required a 6.3% increase (14.38% to 20.68%) which was implemented from 1 April 2019.

As an organisation within the full funding scope, the joint (in NHS England and NHS Wales) transitional arrangement operated in 2019-20 where employers in the Scheme would continue to pay 14.38% employer contributions under their normal monthly payment process, in Wales the additional 6.3% being funded by Welsh Government directly to the Pension Scheme administrator, the NHS Business Services Authority (BSA the NHS Pensions Agency).

However, NHS Wales' organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in the 2019-20 annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Note 34.1 within these accounts.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the NHS Wales organisation commits itself to the retirement, regardless of the method of payment.

Where employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme this is disclosed. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the NHS Wales organisation's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs.

### **1.4.3. NEST Pension Scheme**

An alternative pensions scheme for employees not eligible to join the NHS Pensions scheme has to be offered. The NEST (National Employment Savings Trust) Pension scheme is a defined contribution scheme and therefore the cost to the NHS body of participating in the scheme is equal to the contributions payable to the scheme for the accounting period.

### **1.5. Other expenses**

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

### **1.6. Property, plant and equipment**

#### **1.6.1. Recognition**

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the NHS Wales organisation;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

#### **1.6.2. Valuation**

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land and buildings used for services or for administrative purposes are stated in the Statement of Financial Position (SoFP) at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use

- Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. NHS Wales' organisations have applied these new valuation requirements from 1 April 2009.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure.

References in IAS 36 to the recognition of an impairment loss of a revalued asset being treated as a revaluation decrease to the extent that the impairment does not exceed the amount in the revaluation surplus for the same asset, are adapted such that only those impairment losses that do not result from a clear consumption of economic benefit or reduction of service potential (including as a result of loss or damage resulting from normal business operations) should be taken to the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit should be taken to the Statement of Comprehensive Net Expenditure (SoCNE).

From 2015-16, IFRS 13 Fair Value Measurement must be complied with in full. However IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the assets remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential. Where there is no single class of asset that falls within IFRS 13, disclosures should be for material items only.

In accordance with the adaptation of IAS 16 in table 6.2 of the FReM, for non-specialised assets in operational use, current value in existing use is interpreted as market value for existing use which is defined in the RICS Red Book as Existing Use Value (EUV).

Assets which were most recently held for their service potential but are surplus should be valued at current value in existing use, if there are restrictions on the NHS organisation or the asset which would prevent access to the market at the reporting date. If the NHS organisation could access the market then the surplus asset should be used at fair value using IFRS 13. In determining whether such an asset which is not in use is surplus, an assessment should be made on whether there is a clear plan to bring the asset back into use as an operational asset. Where there is a clear plan, the asset is not surplus and the current value in existing use should be maintained. Otherwise the asset should be assessed as being surplus and valued under IFRS13.

Assets which are not held for their service potential should be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale. Where an asset is not being used to deliver services and there is no plan to bring it back into use, with no restrictions on sale, and it does not meet the IAS 40 and IFRS 5 criteria, these assets are surplus and are valued at fair value using IFRS 13.

### **1.6.3. Subsequent expenditure**

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any carrying value of the item replaced is written-out and charged to the SoCNE. As highlighted in previous years the NHS in Wales does not have systems in place to ensure that all items being "replaced" can be identified and hence the cost involved to be quantified. The NHS in Wales has thus established a national protocol to ensure it complies with the standard as far as it is able to which is outlined in the capital accounting chapter of the Manual For Accounts. This dictates that to ensure that asset carrying values are not materially overstated. For All Wales Capital Schemes that are completed in a financial year, NHS Wales organisations are required to obtain a revaluation during that year (prior to them being brought into use) and also similar revaluations are needed for all Discretionary Building Schemes completed which have a spend greater than £0.5m. The write downs so identified are then charged to operating expenses.

## **1.7. Intangible assets**

### **1.7.1. Recognition**

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the NHS Wales organisation; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to use the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

**Measurement**

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

**1.8. Depreciation, amortisation and impairments**

Freehold land, assets under construction and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the NHS Wales Organisation expects to obtain economic benefits or service potential from the asset. This is specific to the NHS Wales organisation and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives.

At each reporting period end, the NHS Wales organisation checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

Impairment losses that do not result from a loss of economic value or service potential are taken to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the SoCNE. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCNE. The balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 are transferred to retained earnings.

**1.9. Research and Development**

Research and development expenditure is charged to operating costs in the year in which it is incurred, except insofar as it relates to a clearly defined project, which can be separated from patient care activity and benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SoCNE on a systematic basis over the period expected to benefit from the project.

**1.10 Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale.

within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the SoCNE. On disposal, the balance for the asset on the revaluation reserve, is transferred to the General Fund.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead it is retained as an operational asset and its economic life adjusted. The asset is derecognised when it is scrapped or demolished.

### **1.11. Leases**

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

#### **1.11.1. The NHS Wales organisation as lessee**

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the SoCNE.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

#### **1.11.2. The NHS Wales organisation as lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS Wales organisation net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the NHS Wales organisation's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **1.12. Inventories**

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or "first-in first-out" cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is

considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

### **1.13. Cash and cash equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash flows (SoCF), cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the cash management.

### **1.14. Provisions**

Provisions are recognised when the NHS Wales organisation has a present legal or constructive obligation as a result of a past event, it is probable that the NHS Wales organisation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the discount rate supplied by HM Treasury.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the NHS Wales organisation has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the NHS Wales organisation has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

#### **1.14.1. Clinical negligence and personal injury costs**

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in 2019-20, although no costs were apportioned to HEIW during the year. The WRP is hosted by Velindre NHS Trust.

### **1.15. Financial Instruments**

From 2018-19 IFRS 9 Financial Instruments has applied, as interpreted and adapted for the public sector, in the FReM. The principal impact of IFRS 9 adoption by NHS Wales' organisations, was to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss (ECL) basis.

All entities applying the FReM recognised the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that included the date of initial application in the opening general fund within Taxpayer's equity.

### **1.16. Financial assets**

Financial assets are recognised on the SoFP when the NHS Wales organisation becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

The accounting policy choice allowed under IFRS 9 for long term trade receivables, contract assets which do contain a significant financing component (in accordance with IFRS 15), and lease receivables within the scope of IAS 17 has been withdrawn and entities should always recognise a loss allowance at an amount equal to lifetime Expected Credit Losses. All entities applying the FReM should utilise IFRS 9's simplified approach to impairment for relevant assets.

IFRS 9 requirements required a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS 9 to construct a provision matrix.

#### **1.16.1. Financial assets are initially recognised at fair value**

Financial assets are classified into the following categories: financial assets 'at fair value through SoCNE'; 'held to maturity investments'; 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### **1.16.2. Financial assets at fair value through SoCNE**

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through SoCNE. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.



### **1.16.3 Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

### **1.16.4. Available for sale financial assets**

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the SoCNE on de-recognition.

### **1.16.5. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

At the SOFP date, the NHS Wales organisation assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the SoCNE and the carrying amount of the asset is reduced directly, or through a provision of impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the SoCNE to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## **1.17. Financial liabilities**

Financial liabilities are recognised on the SOFP when the NHS Wales organisation becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

#### **1.17.1. Financial liabilities are initially recognised at fair value**

Financial liabilities are classified as either financial liabilities at fair value through the SoCNE or other financial liabilities.

#### **1.17.2. Financial liabilities at fair value through the SoCNE**

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

#### **1.17.3. Other financial liabilities**

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

#### **1.18. Value Added Tax (VAT)**

Most of the activities of the NHS Wales organisation are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

#### **1.19. Foreign currencies**

Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the SoCNE. At the SoFP date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

#### **1.20. Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Wales organisation has no beneficial interest in them. Details of third party assets are given in the Notes to the accounts.

#### **1.21. Losses and Special Payments**

Losses and special payments are items that the Welsh Government would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings in the SoCNE on an accruals basis, including losses which would have been made good through insurance cover had the NHS Wales organisation not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses register which is prepared on a cash basis.

The NHS Wales organisation accounts for all losses and special payments gross (including assistance from the WRP).

The NHS Wales organisation accrues or provides for the best estimate of future pay-outs for certain liabilities and discloses all other potential payments as contingent liabilities, unless the probability of the liabilities becoming payable is remote.

All claims for losses and special payments are provided for, where the probability of settlement of an individual claim is over 50%. Where reliable estimates can be made, incidents of clinical negligence against which a claim has not, as yet, been received are provided in the same way. Expected reimbursements from the WRP are included in debtors. For those claims where the probability of settlement is between 5- 50%, the liability is disclosed as a contingent liability.

#### **1.22. Pooled budget**

The NHS Wales organisation has not entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in the Pooled budget Note.

The pool budget is hosted by one NHS Wales's organisation. Payments for services provided are accounted for as miscellaneous income. The NHS Wales organisation accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

#### **1.23. Critical Accounting Judgements and key sources of estimation uncertainty**

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

#### **1.24. Key sources of estimation uncertainty**

There are no estimation uncertainties at the SoFP date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**1.25 Private Finance Initiative (PFI) transactions**

The NHS Wales organisation has no PFI arrangements.

**1.26. Contingencies**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Wales organisation, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Wales organisation. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate of their financial effect is required.

**1.27. Absorption accounting**

Transfers of function are accounted for as either by merger or by absorption accounting dependent upon the treatment prescribed in the FReM. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required.

Where there is a transfer of function the gain or loss resulting from the assets and liabilities transferring is recognised in the SoCNE and is disclosed separately from the operating costs.

**1.28. Accounting standards that have been issued but not yet been adopted**

The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM

IFRS14 Regulatory Deferral Accounts Not EU-endorsed.

Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable.

IFRS 16 Leases is to be effective from 1st April 2021.

IFRS 17 Insurance Contracts, Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

**1.29. Accounting standards issued that have been adopted early**

During 2019-20 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

### **1.30. Charities**

The NHS Organisation has no NHS Charitable Fund.

## 2. Financial Duties Performance

HEIW was established as a Special Health Authority. The statutory financial duties of Special Health Authorities are set out in section 172 of the National Health Service (Wales) Act 2006.

Section 172(1) sets out what is referred to as the 'First Financial Duty' - a duty to secure that HEIW expenditure does not exceed the aggregate of the funding allotted to it for a financial year.

Under the powers of direction in the National Health Service (Wales) Act section 172(6) WHC/2019/004 clarified that the annual statutory financial duty is set separately for revenue and capital resource allocations.

HEIW was issued with a Remit Letter on 25 October 2018, confirming that the period to 31 March 2019 would remain a transitional period as HEIW commenced full operations. Accordingly the Remit Letter set out objectives for delivery by HEIW for the period to 31 March 2019 and beyond, and set the requirement that HEIW prepare an annual plan for 2019/20 in accordance with the NHS Wales Planning Framework.

HEIW is therefore subject to a Second Financial Duty for the period of account to 31 March 2020. HEIW is expected to report in the Annual Report and Accounts for the period of account to 31 March 2020 performance against its objectives set out in the 2019/20 annual plan.

### 2.1 Revenue Resource Performance

#### Financial performance 2019-20

£'000

#### Net operating costs for the period

213,020

Less general ophthalmic services expenditure and other non-cash limited expenditure

0

Less revenue consequences of bringing PFI schemes onto SoFP

0

Total operating expenses

213,020

Revenue Resource Allocation

213,104

**Under /(over) spend against Allocation**

84

HEIW has met its financial duty to break-even against its Revenue Resource Limit over the period.

### 2.2 Capital Resource Performance

#### 2019-20

£'000

#### Gross capital expenditure

95

Add: Losses on disposal of donated assets

0

Less: NBV of property, plant and equipment and intangible assets disposed

0

Less: capital grants received

0

Less: donations received

0

Charge against Capital Resource Allocation

95

Capital Resource Allocation

95

**(Over) / Underspend against Capital Resource Allocation**

0

HEIW has met its financial duty to break-even against its Capital Resource Limit over the period.

### 2.3 Duty to prepare a 1 year plan

The NHS Wales Planning Framework 2019/22 issued to HEIW SHA (Special Health Authority) placed a requirement upon them to prepare and submit an annual plan for 2019-20 to the Welsh Government.

HEIW has submitted an annual plan for the period 2019-20 in accordance with NHS Wales Planning Framework. However, as this was not a statutory requirement for HEIW under the NHS Finance (Wales) Act 2014 the plan did not require Ministerial approval.

**2019-20  
to  
2020-21**

The Minister for Health and Social Services approval

**Status**  
**Date**

**N/A**  
**N/A**

HEIW with the agreement of the Welsh Government, has operated under an annual operating plan that was approved by the Board in March 2019.

HEIW has therefore met its statutory duty to have an approved financial plan for the period 2019-20.

### 2.4 Creditor payment

The SHA is required to pay 95% of the number of non-NHS bills within 30 days of receipt of goods or a valid invoice (whichever is the later). The SHA has achieved the following results:

	<b>2019-20</b>	2018-19
Total number of non-NHS bills paid	<b>6,582</b>	1,755
Total number of non-NHS bills paid within target	<b>6,265</b>	1,681
Percentage of non-NHS bills paid within target	<b>95.2%</b>	95.8%

**HEIW has met the target.**

### 3. Analysis of gross operating costs

#### 3.1 Non Medical Education and Training

05-Oct-17  
to

	2019-20	31-Mar-19
Total		
£'000	£'000	
Student Training Fees (Universities)	58,916	30,304
Additional Training Costs (Universities)	1,026	1,258
Funding for Healthcare Education Fees (Health Boards & Trusts)	2,450	1,258
Student Bursaries Reimbursement (Universities)	23,126	12,542
Student Salaries Reimbursement (Health Boards & Trusts)	16,979	7,321
Advanced Practice Training fees	1,389	1,120
Healthcare Support Working Training	1,935	709
Non-Medical Prescribing	287	330
Training related Travel and Subsistence	3,826	1,924
<b>Total</b>	<b>109,934</b>	<b>56,766</b>

05-Oct-17  
to

#### 3.2 Postgraduate Medical, Dental & Pharmacy Education

	2019-20	31-Mar-19
£'000	£'000	
Training Grade Salaries	50,319	24,321
Postgraduate Centre and Study Leave	4,745	2,384
GP Registrars	18,452	7,759
Induction & Refresher	83	39
Welsh Clinical Academic Training	1,349	688
GP CPD and Appraisal Costs	845	652
Other	424	173
<b>Total</b>	<b>76,217</b>	<b>36,016</b>



	05-Oct-17 to	
	31-Mar-20	31-Mar-19
	£'000	£'000
<b>3.3 Other Operating Expenditure</b>		
Directors' costs	1,052	536
Staff costs	13,604	5,763
Supplies and services - clinical	42	24
Supplies and services - general	2,230	581
Consultancy Services	158	53
Establishment	4,070	2,893
Transport	0	0
Premises	5,433	2,843
External Contractors	231	129
Depreciation	489	112
Amortisation	0	0
Fixed asset impairments and reversals (Property, plant & equipment)	0	0
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	172	175
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	(21)	33
Research and Development	0	0
Other operating costs	107	35
<b>Total</b>	<b>27,567</b>	<b>13,177</b>

#### 3.4 Losses, special payments and irrecoverable debts: charges to operating expenses

	05-Oct-17 to	
	31-Mar-20	31-Mar-19
	£'000	£'000
<b>Increase/(decrease) in provision for future payments:</b>		
Clinical negligence;		
Secondary care	0	0
Primary care	0	0
Redress Secondary care	0	0
Redress Primary care	0	0
Personal injury	0	0
All other losses and special payments	0	0
Defence legal fees and other administrative costs	(22)	30
Gross increase/(decrease) in provision for future payments	(22)	30
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	1	3
<b>Less: income received/due from Welsh Risk Pool</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>(21)</b>	<b>33</b>

	05-Oct-17 to	
	31-Mar-20	31-Mar-19
	£	£
Permanent injury included within personal injury £:	0	0

**4. Miscellaneous Income**

	05-Oct-17 to 31-Mar-20 £'000	31-Mar-19 £'000
Local Health Boards	26	10
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
NHS trusts	85	44
Foundation Trusts	0	0
Other NHS England bodies	0	0
Local authorities	0	0
Welsh Government	100	3
Welsh Government Hosted Bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	0	0
Private patient income	0	0
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	0	0
Other income from activities	0	0
Patient transport services	0	0
Education, training and research	487	252
Charitable and other contributions to expenditure	0	0
Receipt of donated assets	0	0
Receipt of Government granted assets	0	0
Non-patient care income generation schemes	0	0
NWSSP	0	0
Deferred income released to revenue	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	0	0
<b>Total</b>	<b>698</b>	<b>309</b>

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment re personal injury claims

	05-Oct-17 to 31-Mar-20 %	31-Mar-19 %
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	21.79	21.89

	05-Oct-17 to 31-Mar-19	
	31-Mar-20 £000	31-Mar-19 £000
<b>5. Investment Revenue</b>		
<b>Rental revenue :</b>		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
<b>Interest revenue :</b>		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

	05-Oct-17 to 31-Mar-19	
	31-Mar-20 £000	31-Mar-19 £000
<b>6. Other gains and losses</b>		
Gain/(loss) on disposal of property, plant and equipment	0	0
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

	05-Oct-17 to 31-Mar-19	
	31-Mar-20 £000	31-Mar-19 £000
<b>7. Finance costs</b>		
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	0	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
<b>Total interest expense</b>	<b>0</b>	<b>0</b>
Provisions unwinding of discount	0	0
Other finance costs	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 8. Operating leases

### HEIW as lessee

	31-Mar-20	05-Oct-17 to 31-Mar-19
	£000	£000
Payments recognised as an expense		
Minimum lease payments	380	181
Contingent rents	0	0
Sub-lease payments	0	0
<b>Total</b>	<b>380</b>	<b>181</b>

### Total future minimum lease payments

	£000	£000
Payable		
Not later than one year	378	363
Between one and five years	1,460	1,453
After 5 years	1,137	1,500
<b>Total</b>	<b>2,975</b>	<b>3,316</b>

### HEIW as lessor

	£000	£000
Rental revenue		
Rent	0	0
Contingent rents	0	0
<b>Total revenue rental</b>	<b>0</b>	<b>0</b>

### Total future minimum lease payments

	£000	£000
Receivable		
Not later than one year	0	0
Between one and five years	0	0
After 5 years	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**9. Employee benefits and staff numbers**

9.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other Staff	Total	05-Oct-17 to 31-Mar-19
	£000	£000	£000	£000	£000	£000
	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20
Salaries and wages	10,502	724	581	0	11,807	5,289
Social security costs	1,020	0	0	0	1,020	434
Employer contributions to NHS Pension Scheme	1,689	0	0	0	1,689	513
Other pension costs	0	0	0	0	0	10
Other employment benefits	0	0	0	0	0	0
Termination benefits	31	0	0	0	31	0
<b>Total Employee costs</b>	<b>13,242</b>	<b>724</b>	<b>581</b>	<b>0</b>	<b>14,547</b>	<b>6,246</b>

Charged to capital	0	0
Charged to revenue	14,547	6,246
	<b>14,547</b>	<b>6,246</b>
Net movement in accrued employee benefits (untaken staff leave accrual included above)	46	79

**9.2 Average number of employees**

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other Staff	Total	05-Oct-17 to 31-Mar-19
	Number	Number	Number	Number	Number	Number
	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20
Administrative, clerical and board members	150	5	14	0	169	154
Medical and dental	42	1	0	0	43	39
Nursing, midwifery registered	2	1	0	0	3	1
Professional, Scientific, and technical staff	12	0	0	0	12	11
Additional Clinical Services	3	0	0	0	3	3
Allied Health Professions	0	0	0	0	0	0
Healthcare Scientists	0	0	0	0	0	0
Estates and Ancillary	0	0	0	0	0	0
Students	0	0	0	0	0	0
<b>Total</b>	<b>209</b>	<b>7</b>	<b>14</b>	<b>0</b>	<b>230</b>	<b>208</b>
<b>Administrative clerical and board members includes:</b>						
Lay members (undertake medical appraisal and training plans)	0	0	0	0	0	0
Lecturers	0	0	0	0	0	0
	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**9.3. Retirements due to ill-health**

	31-Mar-20	31-Mar-19
Number	0	0
Estimated additional pension costs £	0	0

The estimated additional pension costs of these ill-health retirements have been calculated on an average basis and are borne by the NHS Pension Scheme.

**9.4 Employee benefits**

HEIW offers three salary sacrifice schemes for childcare vouchers, bikes and lease cars.

## 9.5 Reporting of other compensation schemes - exit packages

05-Oct-17  
to

2019-20

31-Mar-19

Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	1	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>

05-Oct-17  
to  
31-Mar-19

Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	31,200	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31,200</b>	<b>0</b>

Redundancy costs have been paid in accordance with the NHS Redundancy provisions, other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where HEIW has agreed early retirements, the additional costs are met by HEIW and not by the NHS pension scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

An extra contractual payment was made to a former employee during 2019/20 totalling £31,200. This is not deemed to be an exit payment so has been classified as a 'special payment' in table 9.5 above.

### 9.6 Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in HEIW in the financial period to 31 March 2020 was £160k to £165k (2018-19 £150k to £155k). This was 3.11 times (2018-19 3.05 times) the median remuneration of the workforce, which was £52,306 (2018-19 £49,969).

During the period, 0 (2018-19, 0) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £14,265 to £162,650 (2018-19, £15,842 to £154,595).

The banded remuneration of the Chief Executive is £150k to £155k (2018-19, £145k to £150k). This is 2.92 times (2018-19, 2.95 times) the median remuneration of the workforce.

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## 9.7 Pension Costs

### PENSION COSTS

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

#### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

#### b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.



The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

#### **c) National Employment Savings Trust (NEST)**

NEST is a workplace pension scheme, which was set up by legislation and is treated as a trust-based scheme. The Trustee responsible for running the scheme is NEST Corporation. It's a non-departmental public body (NDPB) that operates at arm's length from government and is accountable to Parliament through the Department for Work and Pensions (DWP).

NEST Corporation has agreed a loan with the Department for Work and Pensions (DWP). This has paid for the scheme to be set up and will cover expected shortfalls in scheme costs during the earlier years while membership is growing.

NEST Corporation aims for the scheme to become self-financing while providing consistently low charges to members.

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 8% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 3% of this.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,136 and £50,000 for the 2019-20 tax year (2018-19 £6,032 and £46,350).

Restrictions on the annual contribution limits were removed on 1st April 2017.

## 10. Public Sector Payment Policy - Measure of Compliance

### 10.1 Prompt payment code - measure of compliance

The Welsh Government requires that HEIW pay all their trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The Welsh Government has set as part of the HEIW financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery.

Payments made prior to HEIW becoming operational on 1st October 2018 were made by the predecessor organisations and are not included in the totals below.

	31-Mar-20	31-Mar-20	05-Oct-17 to 31-Mar-19	05-Oct-17 to 31-Mar-19
	Number	£000	Number	£000
<b>NHS</b>				
Total bills paid	2,623	109,713	615	18,237
Total bills paid within target	2,293	101,223	507	17,563
Percentage of bills paid within target	87.4%	92.3%	82.4%	96.3%
<b>Non-NHS</b>				
Total bills paid	6,582	99,008	1,755	46,875
Total bills paid within target	6,265	98,579	1,681	46,781
Percentage of bills paid within target	95.2%	99.6%	95.8%	99.8%
<b>Total</b>				
Total bills paid	9,205	208,721	2,370	65,112
Total bills paid within target	8,558	199,802	2,188	64,344
Percentage of bills paid within target	93.0%	95.7%	92.3%	98.8%

### 10.2 The Late Payment of Commercial Debts (Interest) Act 1998

	31-Mar-20	05-Oct-17 to 31-Mar-19
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

## 11. Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 1 April 2019</b>	0	1,413	0	0	573	0	1,358	441	3,785
Indexation	0	0	0	0	0	0	0	0	0
Additions									
- purchased	0	18	0	0	0	0	36	41	95
- donated	0	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other organisations	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
<b>At 31 March 2020</b>	0	1,431	0	0	573	0	1,394	482	3,880
<b>Depreciation at 1 April 2019</b>	0	37	0	0	573	0	96	90	796
Indexation	0	0	0	0	0	0	0	0	0
Transfer from/into other organisations	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the period	0	147	0	0	0	0	266	76	489
<b>At 31 March 2020</b>	0	184	0	0	573	0	362	166	1,285
<b>Net book value at 1 April 2019</b>	0	1,376	0	0	0	0	1,262	351	2,989
<b>Net book value at 31 March 2020</b>	0	1,247	0	0	0	0	1,032	316	2,595
<b>Net book value at 31 March 2020 comprises :</b>									
Purchased	0	1,247	0	0	0	0	1,032	316	2,595
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
<b>At 31 March 2020</b>	0	1,247	0	0	0	0	1,032	316	2,595
<b>Asset financing :</b>									
Owned	0	1,247	0	0	0	0	1,032	316	2,595
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>At 31 March 2020</b>	0	1,247	0	0	0	0	1,032	316	2,595

The net book value of land, buildings and dwellings at 31 March 2020 comprises :

	£000
Freehold	0
Long Leasehold	1,247
Short Leasehold	0
	<b>1,247</b>

'Building Assets' held by HEIW relate to leasehold improvements and are depreciated over the shorter of the remainder of the lease or the assessed life of the asset.

## 11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 5 October 2017</b>	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Additions									
- purchased	0	1,413	0	0	0	0	1,318	370	3,101
- donated	0	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	573	0	40	71	684
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
<b>At 31 March 2019</b>	0	1,413	0	0	573	0	1,358	441	3,785
<b>Depreciation at 5 October 2017</b>	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	573	0	40	71	684
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the year	0	37	0	0	0	0	56	19	112
<b>At 31 March 2019</b>	0	37	0	0	573	0	96	90	796
<b>Net book value at 5 October 2017</b>	0	0	0	0	0	0	0	0	0
<b>Net book value at 31 March 2019</b>	0	1,376	0	0	0	0	1,262	351	2,989
<b>Net book value at 31 March 2019 comprises :</b>									
Purchased	0	1,376	0	0	0	0	1,262	351	2,989
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
<b>At 31 March 2019</b>	0	1,376	0	0	0	0	1,262	351	2,989
<b>Asset financing :</b>									
Owned	0	1,376	0	0	0	0	1,262	351	2,989
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>At 31 March 2019</b>	0	1,376	0	0	0	0	1,262	351	2,989

The net book value of land, buildings and dwellings at 31 March 2019 comprises :

	£000
Freehold	0
Long Leasehold	1,376
Short Leasehold	0
	<b>1,376</b>

'Building Assets' held by HEIW relate to leasehold improvements and are depreciated over the shorter of the remainder of the lease or the assessed life of the asset.

**11. Property, plant and equipment****11.2 Non-current assets held for sale**

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2019</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the period	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the period	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2020</b>	0	0	0	0	0	0
<b>Balance brought forward 5 October 2017</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2019</b>	0	0	0	0	0	0

**Assets sold in the period**

There were no assets sold in the period

**Assets classified as held for sale during the period**

No assets were classified as held for sale during 2019-20

## 12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2019</b>	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Gross cost at 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation at 1 April 2019</b>	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the period	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Amortisation at 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 1 April 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31 March 2020</b>							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
<b>Total at 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 12.1 Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 5 Oct 2017</b>	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Gross cost at 31 March 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation at 1 April 2017</b>	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Amortisation at 31 March 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 5 Oct 2017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 31 March 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31 March 2019</b>							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
<b>Total at 31 March 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**13 . Impairments**

	31-Mar-20	31-Mar-20	05-Oct-17 to 31-Mar-19	05-Oct-17 to 31-Mar-19
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	0	0	0	0
Reversal of impairments	0	0	0	0
<b>Total of all impairments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Analysis of impairments charged to reserves in period :</b>				
Charged to the Statement of Comprehensive Net Expenditure	0	0	0	0
Charged to Revaluation Reserve	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**14.1 Inventories**

	31-Mar-20	31-Mar-19
	£000	£000
Drugs	0	0
Consumables	0	0
Energy	0	0
Work in progress	0	0
Other	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
Of which held at realisable value	0	0

**14.2 Inventories recognised in expenses**

	31-Mar-20	05-Oct-17 to 31-Mar-19
	£000	£000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**15. Trade and other Receivables****Current**

	31-Mar-20 £000	31-Mar-19 £000
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	22	0
Welsh NHS Trusts	22	0
Non - Welsh Trusts	0	0
Other NHS	8	13
Welsh Risk Pool Claim Reimbursement;		
NHS Wales Secondary Health Sector	0	0
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors - Tangibles	0	0
Capital debtors - Intangibles	0	0
Other debtors	129	297
Provision for irrecoverable debts	(4)	(3)
Pension Prepayments	0	0
Other prepayments	897	494
Other accrued income	0	0

**Sub total****1,074****801****Non-current**

Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool Claim Reimbursement;		
NHS Wales Secondary Health Sector	0	0
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors - Tangibles	0	0
Capital debtors - Intangibles	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments	0	0
Other prepayments	0	0
Other accrued income	0	0

**Sub total****0****0****Total****1,074****801**

**15. Trade and other Receivables****Receivables past their due date but not impaired**

	31-Mar-20	31-Mar-19
	£000	£000
By up to three months	34	0
By three to six months	2	58
By more than six months	0	0
	<u>36</u>	<u>58</u>

No debtors past due (but not impaired) are greater than six months old.

**Expected Credit Losses (ECL) previously Allowance for bad and doubtful debts**

Balance at 1 April 2019	3	0
Transfer to other NHS Wales body	0	0
Amount written off during the period	0	0
Amount recovered during the period	0	0
(Increase) / decrease in receivables impaired	1	3
ECL/Bad debts recovered during period	0	0
Balance at 31 March 2020	<u>4</u>	<u>3</u>

In determining whether a debt is impaired consideration is given to the age of the debt and the results of actions taken to recover the debt, including reference to credit agencies.

**Receivables VAT**

Trade receivables	69	37
Other	0	0
Total	<u>69</u>	<u>37</u>

**16. Other Financial Assets**

	Current		Non-current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	£000	£000	£000	£000
<b>Financial assets</b>				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**17. Cash and cash equivalents**

	31-Mar-20	31-Mar-19
	£000	£000
Opening Balance	6,240	0
Net change in cash and cash equivalent balances	1,225	6,240
Balance at 31 March 2020	<b>7,465</b>	<b>6,240</b>
Made up of:		
Cash held at Government Banking Service (GBS)	7,465	6,240
Commercial banks	0	0
Cash in hand	0	0
Current Investments	0	0
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>7,465</b>	<b>6,240</b>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<b>7,465</b>	<b>6,240</b>

In response to the IAS 7 requirement for additional disclosure, the changes in liabilities arising for financing activities are;

Lease Liabilities £0k  
PFI liabilities £0k

The movement relates to cash, no comparative information is required by IAS 7 in 2019-20.

**18. Trade and other payables**

<b>Current</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>£000</b>	<b>£000</b>
Welsh Government	0	86
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	1,621	2,061
Welsh NHS Trusts	301	529
Other NHS	93	157
Taxation and social security payable / refunds	329	12
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS trade payables - revenue	3,095	1,503
Local Authorities	6	0
Capital payables-Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	23	24
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	189	0
Non NHS Accruals	1,481	1,738
Deferred Income:		
Deferred Income brought forward	11	0
Deferred Income Additions	8	11
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
<b>Sub total</b>	<b>7,157</b>	<b>6,121</b>
<b>Non-current</b>		
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS trade payables - revenue	0	0
Local Authorities	0	0
Capital Creditors- Tangible	0	0
Capital Creditors- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	171	194
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
<b>Sub total</b>	<b>171</b>	<b>194</b>
<b>Total</b>	<b>7,328</b>	<b>6,315</b>

It is intended to pay all invoices within the 30 day period directed by the Welsh Government.

**18. Trade and other payables (continued)**

Amounts falling due more than one year are expected to be settled as follows:	31-Mar-20 £000	31-Mar-19 £000
Between one and two years	23	23
Between two and five years	69	69
In five years or more	79	102
Sub-total	<u>171</u>	<u>194</u>

**19. Other financial liabilities**

	Current		Non-current	
Financial liabilities	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
<b>Total</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

## 20. Provisions

	At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the period	Utilised during the period	Reversed unused	Unwinding of discount	At 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence:-	0								0
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administratio	30	0	0	0	0	(8)	(22)		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	130	0	0		130
<b>Total</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>130</b>	<b>(8)</b>	<b>(22)</b>	<b>0</b>	<b>130</b>
<b>Non Current</b>									
Clinical negligence:-	0								0
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administratio	0	0	0	0	0	0	0		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>									
Clinical negligence:-	0								0
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administratio	30	0	0	0	0	(8)	(22)		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	130	0	0		130
<b>Total</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>130</b>	<b>(8)</b>	<b>(22)</b>	<b>0</b>	<b>130</b>

## Expected timing of cash flows:

	in year to 31 March 2021	Between 1 April 2021 31 March 2025	Thereafter	Total
				£000
Clinical negligence:-	0			0
Secondary care	0	0	0	0
Primary care	0	0	0	0
Redress Secondary care	0	0	0	0
Redress Primary care	0	0	0	0
Personal injury	0	0	0	0
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	0	0	0	0
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	0	0	0	0
Restructuring	0	0	0	0
Other	130	0	0	130
<b>Total</b>	<b>130</b>	<b>0</b>	<b>0</b>	<b>130</b>

The provision of £130k held on the balance sheet at 31st March 2020 is made up of:

- £4k for the estimated costs of holiday pay on overtime worked in HEIW since 1st October 2018. This is as a result of a case brought against the East of England Ambulance Service that is pending an appeal.
- £78k for the estimated costs of untaken annual leave as at 31st March 2020 by Dental Trainees in non-NHS settings. This is as a result of the COVID-19 pandemic.
- £48k for the estimated costs of untaken annual leave as at 31st March 2020 by Pharmacy Technicians/Pre-reg Pharmacists in non-NHS settings. This is as a result of the COVID-19 pandemic.

## 20. Provisions (continued)

	At 5 October 2017	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the period	Utilised during the period	Reversed unused	Unwinding of discount	At 31 March 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence:-	0	0	0	0	0	0	0	0	0
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	30	0	0		30
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>
<b>Non Current</b>									
Clinical negligence:-	0	0	0	0	0	0	0	0	0
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>									
Clinical negligence:-	0	0	0	0	0	0	0	0	0
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	30	0	0		30
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>



## 21. Contingencies

### 21.1 Contingent liabilities

	31-Mar-20 £'000	31-Mar-19 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence		
Secondary Care	0	0
Primary Care	0	0
Secondary Care Redress	0	0
Primary Care Redress	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	0	0
Continuing Health Care costs	0	0
Other	0	0
Total value of disputed claims	0	0
Amounts recovered in the event of claims being successful	0	0
<b>Net contingent liability</b>	<b>0</b>	<b>0</b>

**21.2 Remote Contingent liabilities**

31-Mar-20	31-Mar-19
£'000	£'000

Please disclose the values of the following categories of remote contingent liabilities :

Guarantees	0	0
Indemnities	0	0
Letters of Comfort	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**21.3 Contingent assets**

31-Mar-20	31-Mar-19
£'000	£'000

	0	0
	0	0
	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**22. Capital commitments****Contracted capital commitments**

31-Mar-20	31-Mar-19
£'000	£'000

Property, plant and equipment	0	0
Intangible assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 23. Losses and special payments

HEIW has made one payment included within the 'losses and special payments' definition during the period. Losses and special payments are charged to the Statement of Comprehensive Net Expenditure in accordance with IFRS but are recorded in the losses and special payments register when payment is made. Therefore this note is prepared on a cash basis.

### Gross loss to the Exchequer

Number of cases and associated amounts paid out or written-off during the financial period

	Amounts paid out during period to 31 March 2020	
	Number	£
Clinical negligence	0	0
Personal injury	0	0
All other losses and special payments	1	31,200
<b>Total</b>	<b>1</b>	<b>31,200</b>

Analysis of cases which exceed £300,000 and all other cases

Cases exceeding £300,000	Number	Case type	Amounts paid out in period	Cumulative amount
			£	£
Sub-total			0	0
All other cases			31,200	31,200
<b>Total cases</b>			<b>31,200</b>	<b>31,200</b>

## 24. Finance leases

### 24.1 Finance leases obligations (as lessee)

HEIW has no finance lease obligations as lessee.

#### Amounts payable under finance leases:

##### Land

	31-Mar-20 £000	31-Mar-19 £000
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

**24.1 Finance leases obligations (as lessee) continue****Amounts payable under finance leases:****Buildings**

	31-Mar-20	31-Mar-19
	£000	£000
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

**Present value of minimum lease payments**

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

**Other**

	31-Mar-20	31-Mar-19
	£000	£000
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

**Present value of minimum lease payments**

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

**24.2 Finance leases obligations (as lessor) continued**

HEIW has no finance leases receivable as a lessor.

**Amounts receivable under finance leases:**

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>£000</b>	<b>£000</b>
<b>Gross Investment in leases</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods		
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

**25. Private Finance Initiative contracts****25.1 PFI schemes off-Statement of Financial Position**

HEIW has no PFI schemes which are deemed to be on or off the statement of financial position.

## 25. Private Finance Initiative contracts

### 25.1 PFI schemes off-Statement of Financial Position

HEIW has no PFI schemes which are deemed to be on or off the statement of financial position.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts 31 March 2020 £000	Off-SoFP PFI contracts 31 March 2019 £000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	0	0
Total estimated capital value of off-SoFP PFI contracts	0	0

### 25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11 £000

Contract start date:

Contract end date:

£000

Contract start date:

Contract end date:

Total obligations for on-Statement of Financial Position PFI contracts due:

	On SoFP PFI Capital element 31 March 2020 £000	On SoFP PFI Imputed interest 31 March 2020 £000	On SoFP PFI Service charges 31 March 2020 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	0	0	0

	On SoFP PFI Capital element 31 March 2019 £000	On SoFP PFI Imputed interest 31 March 2019 £000	On SoFP PFI Service charges 31 March 2019 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	0	0	0

Total present value of obligations for on-SoFP PFI contracts £0m

**25.3 Charges to expenditure**

	31-Mar-20	31-Mar-19
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	0	0
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	<u>0</u>	<u>0</u>

The LHB is committed to the following annual charges

	31-Mar-20	31-Mar-19
	£000	£000
<b>PFI scheme expiry date:</b>		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

The estimated annual payments in future years will vary from those which the LHB is committed to make during the next year by the impact of movement in the Retail Prices Index.

**25.4 Number of PFI contracts**

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	0	0
Number of PFI contracts which individually have a total commitment > £500m	0	0

**PFI Contract**

	On / Off- statement of financial position
Number of PFI contracts which individually have a total commitment > £500m	0

**PFI Contract**

On/Off  
On/Off

**25.5 Public Private Partnerships during the year**

HEIW has no Public Private Partnerships



**26. Financial risk management**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. HEIW is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply. HEIW has limited powers to invest and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing HEIW in undertaking its activities.

**Currency risk**

HEIW is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. HEIW has no overseas operations. HEIW therefore has low exposure to currency rate fluctuations.

**Interest rate risk**

HEIW is not permitted to borrow. HEIW therefore has low exposure to interest rate fluctuations

**Credit risk**

Because the majority of HEIW funding derives from funds voted by the Welsh Government HEIW has low exposure to credit risk.

**Liquidity risk**

HEIW is required to operate within cash limits set by the Welsh Government for the financial year and draws down funds from the Welsh Government as the requirement arises. HEIW is not, therefore, exposed to significant liquidity risks.

**27. Movements in working capital**

	31-Mar-20 £000	31-Mar-19 £000
(Increase)/decrease in inventories	0	0
(Increase)/decrease in trade and other receivables - non-current	0	0
(Increase)/decrease in trade and other receivables - current	(273)	(801)
Increase/(decrease) in trade and other payables - non-current	(23)	194
Increase/(decrease) in trade and other payables - current	1,036	6,121
<b>Total</b>	<b>740</b>	<b>5,514</b>
Adjustment for accrual movements in fixed assets - creditors	0	0
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	0	0
	<b>740</b>	<b>5,514</b>

**28. Other cash flow adjustments**

	31-Mar-20 £000	31-Mar-19 £000
Depreciation	489	112
Amortisation	0	0
(Gains)/Loss on Disposal	0	0
Impairments and reversals	0	0
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	0	0
Government Grant assets received credited to revenue but non-cash	0	0
Non-cash movements in provisions	108	30
Other movements	515	0
<b>Total</b>	<b>1,112</b>	<b>142</b>

**29. Events after the Reporting Period**

The need to plan and respond to the COVID-19 pandemic has had a significant impact on the organisation, wider NHS and society as a whole. It has required a dynamic response which has presented a number of opportunities in addition to the risks. The need to respond and recover from the pandemic will be with the organisation and wider society throughout 2020/21 and beyond. The organisation's Governance Framework will need to consider and respond to this need.

**30. Related Party Transactions**

The Welsh Government is regarded as a related party. During the accounting period HEIW has had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body:

Related Party	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	189	212,596	0	0
Welsh LHBS	76,352	26	1,621	22
Welsh NHS Trusts	26,714	85	301	22
Swansea University	21,488	184	785	0
Cardiff University	26,333	0	1,001	0
University of West of England	129	0	3	0
University of South Wales	17,321	230	102	0
Royal College of Nursing	30	0	0	0
	<b>168,556</b>	<b>213,121</b>	<b>3,813</b>	<b>44</b>

During the year, other than the individuals set out below, there were no other material related party transactions involving other board members or key senior management staff.

Tina Donnelly is a Fellow of the University of South Wales and Royal College of Nursing

Ruth Hall is a visiting Chair of the University of West of England and an advisory Board Member, Centre for Public Policy Wales at Cardiff University.

Ceri Phillips is Head of College of Human and Health Sciences, Swansea University.

Heidi Phillips is Associate Professor Primary Care, Swansea University

Mr Eifion Williams is a Member of the Finance Committee of Swansea University and was employed by Powys Teaching Health Board until 30th June 2019.

**31. Third Party assets**

HEIW does not hold cash on behalf of third parties.

## **32. Pooled budgets**

HEIW does not operate any pooled budgets.

## **33. Operating segments**

IFRS 8 requires bodies to report information about each of its operating segments.

HEIW is deemed to operate as one segment.

**34. Other Information****34.1. 6.3% Staff Employer Pension Contributions - Notional Element**

The notional transactions are based on estimated costs for the twelve month period, calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions as at month eleven and the actual employer staff payments for month 12.

Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows:

<b>Statement of Comprehensive Net Expenditure for the year ended 31 March 2020</b>	<b>£'000</b>
--	--------------

Other Operating Expenditure	<b>2019-20</b>	<b>515</b>
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<b>Statement of Changes in Taxpayers' Equity For the year ended 31 March 2020</b>	
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Net operating cost for the year	<b>Balance at 31 March 2020</b>	<b>-515</b>
Notional Welsh Government Funding	<b>Balance at 31 March 2020</b>	<b>515</b>

<b>Statement of Cash Flows for year ended 31 March 2020</b>	
---	--

Net operating cost for the financial year	<b>2019-20</b>	<b>0</b>
Other cash flow adjustments	<b>2019-20</b>	<b>515</b>

**2.1 Revenue Resource Performance**

Revenue Resource Allocation	<b>2019-20</b>	<b>515</b>
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**3. Analysis of gross operating costs****3.3 Expenditure on Hospital and Community Health Services**

Directors' costs	<b>2019-20</b>	<b>37</b>
Staff costs	<b>2019-20</b>	<b>478</b>

**9.1 Employee costs****Permanent Staff**

Employer contributions to NHS Pension Scheme	<b>2019-20</b>	<b>515</b>
Charged to capital	<b>2019-20</b>	<b>0</b>
Charged to revenue	<b>2019-20</b>	<b>515</b>

**18. Trade and other payables****Current**

Pensions: staff	<b>Balance at 31 March 2020</b>	<b>0</b>
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**28. Other cash flow adjustments**

Other movements	<b>2019-20</b>	<b>515</b>
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## **34. Other Information**

### **34.2. IFRS 16**

HM Treasury agreed with the Financial Reporting Advisory Board (FRAB), to defer the implementation of IFRS 16 *Leases* until 1 April 2021, because of the circumstances caused by Covid-19. To ease the pressure on NHS Wales Finance Departments the IFRS 16 detailed impact statement has been removed by the Welsh Government Health and Social Services Group, Finance Department.

We expect the introduction of IFRS16 will not have a significant impact and this will be worked through for disclosure in our 2020-21 financial statements.

**THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY  
WELSH MINISTERS IN ACCORDANCE WITH PARAGRAPH 3(1) OF SCHEDULE 9 TO  
THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE  
APPROVAL OF TREASURY**

**HEALTH EDUCATION AND IMPROVEMENT WALES**

1. Health Education and Improvement Wales (HEIW), a special health authority, shall prepare accounts for the financial period 5<sup>th</sup> October 2017 to 31 March 2019 and subsequent financial years in the form specified in paragraphs 2 to 4 below.

**BASIS OF PREPARATION**

2. The accounts of HEIW shall comply with:

(a) the accounting principles and disclosure requirements of the Government Financial Reporting Manual ('the FReM') issued by HM Treasury which is in force for that financial year, as detailed in the NHS Wales Manual for Accounts; and

(b) any other specific guidance or disclosures required by the Welsh Government.

3. The accounts shall be prepared so as to:

(a) give a true and fair view of the state of affairs as at the year-end and of the net expenditure, financial position, cash flows and changes in taxpayers' equity for the financial year then ended; and

(b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the National Assembly for Wales or material transactions that have not conformed to the authorities which govern them.

4. Compliance with the requirements of the FReM as detailed in the NHS Wales Manual for Accounts will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM as detailed in the NHS Wales Manual for Accounts is inconsistent with the requirement to give a true and fair view, the requirements of the FReM as detailed in the NHS Wales Manual for Accounts should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgment should be used to devise an appropriate alternative treatment which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Welsh Government.

Signed by the authority of the Welsh Ministers

Signed:

Dated:

Alan Brace, Director of Finance HSSG

# Audit of Accounts Report – Health Education and Improvement Wales

Audit year: 2019-20

Date issued: June 2020

Document reference: 1912A2020-21



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 the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@audit.wales](mailto: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.

# Contents

We intend to issue an unqualified audit report on your Accounts. There are no 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 2019-20 accounts in this report. This report supersedes the interim version provided to your Audit and Assurance Committee at its 26 May meeting.
- 2 We have already discussed these issues with the Director of Finance and Head of Financial Accounting.
- 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 have set this level at £2,137,000 for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and therefore we have set a lower materiality level for the following:
  - Remuneration report (remuneration £5,000 banding, pension disclosures £1,000)
  - Related party disclosures (personal interests £10,000, Companies £50,000)
  - Audit fee (£1,000)
- 6 We have now substantially completed this year's audit.
- 7 In our professional view, we have complied with the ethical standards that apply to our work, have remained 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 Finance 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

<b>Timetable</b>	<ul style="list-style-type: none"><li>• The deadline for completing your accounts was changed by the Welsh Government from 28 April 2020 to 22 May 2020.</li><li>• However, HEIW management opted not to make use of the extension and were able to deliver good quality draft accounts and supporting working papers to the original timetable.</li><li>• At the request of HEIW management, we conducted our audit of accounts work largely to the original timetable and at the request of the HEIW Audit and Assurance Committee we presented our interim statement to the 26 May 2020 meeting.</li><li>• As at 26 May, we were yet to conclude upon our:<ul style="list-style-type: none"><li>– review of the Annual Governance Statement;</li><li>– audit of the remuneration report;</li><li>– cut-off testing of expenditure;</li><li>– agreement of inter-NHS transactions and balances;</li><li>– assurances over the Nationally hosted IT systems; and</li><li>– subsequent events review.</li></ul></li><li>• We have also considered accounting and reporting issues that arose from the audit of other NHS Wales bodies for applicability to HEIW, for example, valuation of property, plant and equipment, non-attendance at stocktake, clinical staff pension tax liability, and concluded that they have no impact on the HEIW accounts for 2019-20.</li><li>• Our audit work is now substantially complete. Our final Audit of Accounts Report will be reported to the HEIW Audit and Assurance Committee on 23 June 2020, prior to sign-off by the HEIW Accounting Officer and Chair on 25 June 2020.</li><li>• We are making arrangements for the AGW to certify your audit report on 2 July 2020 and for your accounts to be laid before the Senedd, alongside all of the other NHS Wales 2019-20 accounts, on 3 July 2020.</li></ul>
<b>Electronic signatures</b>	<ul style="list-style-type: none"><li>• It is anticipated that electronic signatures will be required for the HEIW Accounting Officer and Chair to sign the accounts, and for the AGW to certify the accounts. We will keep this situation under review should lockdown restrictions be eased/lifted.</li></ul>

<b>Audit evidence</b>	<ul style="list-style-type: none"> <li>• HEIW officers uploaded working papers to Sharepoint in accordance with our agreed Audit Deliverables Report.</li> <li>• HEIW officers provided audit evidence to the audit team via secure email, Sharepoint and also Objective Connect (a secure, web-based portal for the sharing of larger files).</li> <li>• HEIW officers were available by Skype for discussions, and also for the sharing of on-screen information/evidence.</li> <li>• Audit Wales also secured remote read only access to the HEIW Oracle ledger which enabled the audit team to query the ledger and hence reduce the burden on HEIW officers to provide this information.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• Skype has enabled the audit team to correspond effectively with HEIW officers throughout the audit.</li> <li>• Skype-based HEIW Audit and Assurance Committee meetings have enabled us to proficiently discharge our responsibility for reporting to those charged with governance.</li> </ul>

- 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 seek to adopt in the future to enhance that process. We will engage with HEIW officers in this post-project learning soon after completion of our audit work.

## 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 would issue a 'qualified' audit opinion if we had material concerns about any aspects of your accounts; however, since this is not the case, we anticipate issuing 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 report is set out in **Appendix 2**.

## Significant Issues arising from the Audit

### Uncorrected misstatements

- 15 There are no non-trivial misstatements identified in the accounts which remain uncorrected.

### Corrected misstatements

- 16 There was no need to correct any misstatements as a result of our audit work. **Appendix 3** is a summary of disclosure amendments made to the draft accounts.

## 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 were no significant issues arising from the audit.

## Recommendation

- 18 The recommendation arising from our audit is set out in **Appendix 4**. Management has responded and we will follow up progress against its implementation during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

# 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 2019-20 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 Health Education and Improvement Wales for the year ended 31 March 2020 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 with the approval of 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 Health Education and Improvement 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 Health Education and Improvement Wales 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.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

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.

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.

HEIW does not have any actual or contingent liabilities arising from the Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government, which instructed her to fund NHS Clinical Staff's pension tax liabilities incurred by NHS Wales bodies in respect of the 2019-20 financial year.

The financial statements are free of material misstatements, including omissions. There are no non-trivial misstatements within the accounts which remain uncorrected.

## Representations by the Board

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 25 June 2020.

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:

Chief Executive

Date:

Signed by:

Chair

Date:

# Appendix 2

## Proposed Audit Report

### The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd

Report on the audit of the financial statements

#### Opinion

I certify that I have audited the financial statements of Health Education and Improvement Wales for the year ended 31 March 2020 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers 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 HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Health Education and Improvement Wales as at 31 March 2020 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

#### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). 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 board 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 opinion.

#### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the board's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

#### Other information

The Chief Executive is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. 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.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

#### 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.

#### 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 Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance; and
- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements and the Foreword 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 board and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword or the Governance Statement.

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

- proper accounting records have not been kept;
- the financial statements 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.

## **Report**

I have no observations to make on these financial statements.

## **Responsibilities**

### **Responsibilities of Directors and the Chief Executive for the financial statements**

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 board'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.

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](http://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.

Adrian Crompton  
Auditor General for Wales  
2 July 2020

24 Cathedral Road  
Cardiff  
CF11 9LJ

# Appendix 3

## Summary of Corrections Made

During our audit we recommended some additions, amendments and deletions to disclosures within the accounts to ensure completeness, clarity, accuracy and consistency throughout, and to comply with best practice as set out in the NHS Wales 2019-20 Manual for Accounts.

### Exhibit 2: summary of disclosure amendments made to the draft accounts

Disclosure note	Nature of amendment
Note 1.24 Areas of sources estimation uncertainty	Narrative inserted to describe key sources of estimation uncertainty HEIW will face in 2020-21.
Note 9.1 Employee costs	Net movement in accrued employee benefits is £46,000 for 2019-20.
Note 29 Events after the Reporting Period	Insertion of standard disclosure as proposed by the Welsh Government regarding the COVID-19 pandemic and response.
Note 30 Related Party Transactions	Expenditure with Cardiff University is £26,333,000 for 2019-20.
Remuneration report	Staff numbers table amended to agree with Note 9.2 Average number of employees. Insertion of the FTE equivalent for the Director of Finance. Insertion of remuneration in 2019-20 for the former Director of Finance and Corporate Services for the PILON paid in 2019-20, and a footnote to disclose the non-contractual payment made in 2019-20. Additional disclosure to make clear that the Vice Chair is remunerated for the role, and that the 2019-20 remuneration includes backpay for the six months ended 31 March 2019.

Disclosure note	Nature of amendment
Various disclosure notes	A number of narrative and disclosure amendments, not identified separately in this table, as not regarded as material to the financial statements.

# Appendix 4

## Recommendation

We set out the recommendation arising from our audit with management's response it. We will follow up its implementation next year and include any outstanding issues in next year's audit report:

### Exhibit 3: matter arising 1

Matter arising 1 – delegated limits should be in place for the approval of material in-year budget virements	
Findings	Our review of budget virements identified that currently there is no clear policy which determines at which value in-year variations to budget require Board approval.
Priority	Medium.
Recommendation	We recommend that material budget virements are either approved by the Board, or the Board formally delegates this authority to an appropriate person/committee.
Benefits of implementing the recommendation	The Board is fully briefed on and approves material in-year changes to the approved budget.
Accepted in full by management	Yes
Management response	The current Budgetary Control Procedure (FCP 1) does not provide specific information regarding the virement process in HEIW. The FCP is currently being reviewed and it will be amended to include this information. Consideration will be given regarding the correct virement levels that should be delegated in discussion with the relevant parties. It is proposed that the revised FCP will be presented to the October 2020 Audit & Assurance Committee as part of the annual review of FCPs.
Implementation date	October 2020





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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.