



WALES AUDIT OFFICE  
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Auditor General for Wales

# Annual Audit Report 2016 – Cwm Taf University Health Board

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The team who helped me prepare this report comprised David Thomas, Derwyn Owen,  
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# Summary report

## Summary

- 1 This report summarises my findings from the audit work I have undertaken at Cwm Taf University Health Board (the Health Board) during 2016.
- 2 The work I have done at the Health Board allows me to discharge my responsibilities under the Public Audit (Wales) Act 2004 (the 2004 Act) in respect of the audit of accounts and the Health Board's arrangements to secure efficiency, effectiveness and economy in its use of resources.
- 3 My audit work has focused on strategic priorities as well as the significant financial and operational risks facing the Health Board, and which are relevant to my audit responsibilities. More detail on the specific aspects of my audit can be found in the separate reports I have issued during the year. These reports are discussed and their factual accuracy agreed with officers and presented to the Audit Committee. The reports I have issued are shown in [Appendix 1](#).
- 4 This report has been agreed for factual accuracy with the Chief Executive and the Director of Finance. It was presented to the Audit Committee on 13 February 2017. It will then be presented to a subsequent Board meeting and a copy provided to every member of the Health Board. We strongly encourage wider publication of this report by the Health Board. Following Board consideration, the report will also be made available to the public on the [Wales Audit Office website](#).
- 5 The key messages from my audit work are summarised under the following headings.

## Section 1: audit of accounts

- 6 I have issued an unqualified opinion on the 2015-16 financial statements of the Health Board, although in doing so I have brought several issues to the attention of officers and the Audit Committee. These relate to the accounting for fixed assets in the year; the methodology for calculating the Health Board's performance against the Public Sector Payment Policy; and some difficulties in working papers provided for audit as a result of Health Board staff changes.
- 7 In addition, I placed a substantive report on the Health Board's financial statements alongside my audit opinion. My report explains the two new financial duties introduced on 1 April 2014 by the NHS Finance (Wales) Act 2014, the Health Board's performance against them, and the implications for 2016-17.
- 8 I have also concluded that the Health Board's accounts were properly prepared and materially accurate. My work did not identify any material weaknesses in the Health Board's internal controls relevant to my audit of the accounts.
- 9 The Health Board achieved financial balance at the end of 2015-16. I set out more detail about the financial position and financial management arrangements in section 2 of this report.

## Section 2: arrangements for securing efficiency, effectiveness and economy in the use of resources

- 10 I have reviewed the Health Board's arrangements for securing efficiency, effectiveness and economy in the use of its resources. This includes my structured assessment work which has examined the Health Board's financial management arrangements, its governance and assurance arrangements, and the progress made in relation to the improvement issues identified last year. Performance audit reviews have also been undertaken in respect of Consultant Contract. This work has led me to draw the following conclusions:

The Health Board continues to demonstrate good budgetary control and to monitor savings plans effectively. It has a good record of achieving financial balance and has improved stakeholder engagement in financial planning, but significant challenges remain to deliver a balanced financial position in 2016-17

- 11 In reviewing the Health Board's financial planning and management arrangements we found that the Health Board continues to exhibit good budgetary control, and to monitor savings plans effectively. It has a good record of achieving financial balance and has improved stakeholder engagement in financial planning, however, significant challenges remain in delivering a balanced financial position in 2016-17.

The Health Board continued to strengthen strategic planning and governance arrangements during 2016, however there is scope to improve IMTP reporting and project management pace is needed to address information management and technology arrangements

- 12 My structured assessment work in 2016 indicated that the Health Board has continued to strengthen its corporate governance and board assurance arrangements. During 2016, the Health Board made good progress in addressing 2015 structured assessment recommendations, in particular, developing a new website to ensure that key corporate documents and plans are accessible to the public.
- 13 My structured assessment work in 2016 found:
- a. The Health Board continues to strengthen its approach to strategic planning with effective monitoring arrangements in place but there is scope to further improve IMTP reporting and extend programme and project management arrangements.

- b. Board assurance arrangements continue to mature and committees are generally operating effectively, although more time is needed to embed recent changes to some committees.
- c. The Health Board has made good progress in addressing 2015 recommendations but progress in addressing other audit recommendations relating to information management and technology recommendations is slow.

**Overall my performance work has found that although the Health Board is on track to address recommendations, the pace needs to be improved**

- 14 Work on Consultant Contract showed that the Health Board continues to take action to strengthen consultant job planning processes, although it had yet to implement all the Auditor General's previous national and local recommendations.
- 15 In addition to reviewing the actions taken to address my 2015 structured assessment recommendations, I also considered the effectiveness of the Health Board's wider arrangements to respond to my audit recommendations. Overall the Health Board is on track to address my recommendations, however the pace with which these are addressed needs to improve.
- 16 We gratefully acknowledge the assistance and cooperation of the Health Board's staff and members during the audit.

# Detailed report

## About this report

- 17 This Annual Audit Report 2016 to the board members of the Health Board sets out the key findings from the audit work that I have undertaken between December 2015 and November 2016.
- 18 My work at the Health Board is undertaken in response to the requirements set out in the 2004 Act<sup>1</sup>. That act requires me to:
- a) examine and certify the accounts submitted to me by the Health Board, and to lay them before the National Assembly;
  - b) satisfy myself that the expenditure and income to which the accounts relate have been applied to the purposes intended and in accordance with the authorities which govern it; and
  - c) satisfy myself that the Health Board has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 19 In relation to (c), I have drawn assurances or otherwise from the following sources of evidence:
- the results of audit work on the Health Board's financial statements;
  - work undertaken as part of my latest structured assessment of the Health Board, which examined the arrangements for financial management, governance and assurance;
  - performance audit examinations undertaken at the Health Board; and
  - the results of the work of other external review bodies, where they are relevant to my responsibilities.
- 20 I have issued a number of reports to the Health Board this year. The messages contained in this annual audit report represent a summary of the issues presented in these more detailed reports, a list of which is included in [Appendix 1](#).
- 21 The findings from my work are considered under the following headings:
- section 1: audit of accounts
  - section 2: arrangements for securing economy, efficiency and effectiveness in the use of resources
- 22 [Appendix 2](#) presents the latest estimate on the audit fee that I will need to charge to cover the actual costs of undertaking my work at the Health Board, alongside the original fee that was set out in the 2016 Audit Plan.
- 23 Finally, [Appendix 3](#) sets out the significant financial audit risks highlighted in my 2016 Audit Plan and how they were addressed through the audit.

<sup>1</sup> [Public Audit \(Wales\) Act 2004](#)

## Section 1: audit of accounts

- 24 This section of the report summarises the findings from my audit of the Health Board's financial statements for 2015-16. These statements are the means by which the organisation demonstrates its financial performance and sets out its net operating costs, recognised gains and losses, and cash flows. Preparation of an organisation's financial statements is an essential element in demonstrating appropriate stewardship of public money.
- 25 In examining the Health Board's financial statements, I am required to give an opinion on:
- whether they give a true and fair view of the financial position of the Health Board and of its income and expenditure for the period in question;
  - whether they are free from material misstatement – whether caused by fraud or by error;
  - whether they are prepared in accordance with statutory and other requirements, and comply with all relevant requirements for accounting presentation and disclosure;
  - whether that part of the remuneration report to be audited is properly prepared; and
  - the regularity of the expenditure and income.
- 26 In giving this opinion, I have complied with my Code of Audit Practice and the International Standards on Auditing (ISAs).

**I have issued an unqualified opinion on the 2015-16 financial statements of the Health Board, although in doing so, I have brought several issues to the attention of officers and the Audit Committee and placed a substantive report alongside my audit opinion**

### **The Health Board's accounts were properly prepared and materially accurate**

- 27 The draft financial statements were produced for audit by the agreed deadline of 29 April 2016 and were again of a good standard. The Health Board has quality assurance processes over the financial statements and there is a high level of scrutiny from the Audit Committee. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.

- 28 We noted in 2014-15 that we experienced some difficulty in getting responses and working papers to support the figures in the accounts in a timely manner. In 2015-16 early discussion with Finance staff on proposed methodologies and treatments of subjective account areas was particularly useful. However at the final audit visit, we found similar difficulties to the prior year, partly within the Health Board's finance function, and within NHS Wales Shared Services Partnership (NWSSP). This was due to several of the Health Board's finance staff, who were integral to prior years' accounts and audit processes, leaving the Health Board ahead of the final audit visit. Whilst management made efforts to backfill these staff, some of the detailed knowledge was lost, resulting in working papers being prepared on different bases to the prior year and additional time taken to answer audit queries. In addition, NWSSP also experienced a number of changes in staff and location during 2015-16.
- 29 The deadlines for submission of the accounts are increasingly challenging and we would like to commend the Health Board's Finance team for the timing and quality of their work. The constructive working relationships with the Director of Finance and the whole finance team have continued again this year, and we thank them for that. We are working with management to make further improvements to the accounts and audit process for 2016-17.
- 30 I am required by ISA 260 to report issues arising from my work to those charged with governance before I issue my audit opinion on the accounts. My Financial Audit Engagement Lead reported these issues to the Health Board's Audit Committee on 1 June 2016. **Exhibit 1** summarises the key issues set out in that report.

#### Exhibit 1: Issues identified in the Audit of Financial Statements Report

The following table summarises and provides comments on the key issues identified.

Issue	Auditors' comments
Depreciation on vested assets.	Vested assets are those assets purchased but not yet brought into use by the Health Board. Depreciation should only be charged once an asset is brought into use. Depreciation totalling £222,000 had been incorrectly charged in 2014-15 and 2015-16 against the £768,000 cost of the Computer Tomography (CT) scanner held in a bonded warehouse in Heathrow and not yet in use. However, funding streams from Welsh Government meant any change in the depreciation would result in an equal and opposite adjustment to the Health Board's funding. No amendment was made in the 2015-16 accounts, although management will adjust in the 2016-17 accounts.

Issue	Auditors' comments
Recognition of fixed asset additions in the correct period.	£26,000 of IT equipment was incorrectly included in the 2015-16 accounts despite the equipment being delivered after the year end in April 2016. The equipment should therefore have been recognised in the 2016-17 accounts.
Public Sector Payment Policy (PSPP) – Measure of Compliance	<p>The financial statements set out the Health Board's performance against the PSPP 'prompt payment code' – the Welsh Government has set a target of 95%t for the number of non-NHS payments within 30 days of delivery.</p> <p>The Health Board has reported performance of 91.9% against this target for 2015-16.</p> <p>The Exeter system used by all Health Boards to process primary care payments does not provide any statistical information on the number of days it has taken to make payments. From 2015-16 onwards the Welsh Government decided to exclude these payments from the calculation, whilst previously health bodies had assumed all invoices were paid within the 30 day period. This is likely to reduce overall performance compared to previous years.</p> <p>Guidance also requires that the start date for calculating the 30 day payment period is the later of the goods/services or invoice receipt date. We noted that during 2015-16 the date used was, instead the date a batch of invoices were input onto the Oracle system. NHS Shared Services Partnership have provided additional training to their staff as a result and Health Board management are heavily involved in a national review of the purchasing and accounts payable processes across NHS Wales.</p>

- 31 As part of my financial audit, I also undertook a review of the Health Board's Whole of Government Accounts return. I concluded that the counterparty consolidation information was consistent with the financial position of the Health Board at 31 March 2016 and the return was prepared in accordance with the Treasury's instructions.
- 32 My separate independent review of the Health Board's charitable funds financial statements is complete and no issues arose from that review that required reporting to the Trustees.

### My work did not identify any material weaknesses in the Health Board's internal controls

- 33 I reviewed the Health Board's internal controls that I considered to be relevant to the audit to help me identify, assess and respond to the risks of material misstatement in the accounts. I did not, however, consider them for the purposes of expressing an opinion on their operating effectiveness of internal control. My review did not identify any significant deficiencies in the Health Board's internal controls.

## Section 2: arrangements for securing efficiency, effectiveness and economy in the use of resources

- 34 I have a statutory requirement to satisfy myself that NHS bodies have proper arrangements in place to secure efficiency, effectiveness and economy in the use of their resources. I have undertaken a range of performance audit work at the Health Board over the last 12 months to help me discharge that responsibility. This work has involved:
- reviewing the Health Board's financial management arrangements, including the progress being made in delivering cost saving plans and their contribution to achieving financial balance;
  - assessing the effectiveness of the Health Board's governance and assurance arrangements through my structured assessment work, including review of the progress made in addressing structured assessment recommendations made last year;
  - assessing the progress the Health Board has made in addressing the issues identified by previous audit work on the consultant contract, and reviewing the Health Board's wider arrangements for tracking progress against external audit recommendations.
- 35 The main findings from this work are summarised under the following headings.

**The Health Board continues to demonstrate good budgetary control and to monitor savings plans effectively. It has a good record of achieving financial balance and has improved stakeholder engagement in financial planning, but significant challenges remain in delivering a balanced financial position in 2016-17**

36 My structured assessment work in 2016 has considered the action that the Health Board is taking to achieve financial balance and create longer-term financial sustainability. I have assessed the financial position of the organisation, the approach to financial planning, financial controls and stewardship, and the arrangements for financial monitoring and reporting. My key findings are summarised below.

**The Health Board's financial planning approach continues to mature with greater engagement with stakeholders than in previous years and robust arrangements for budget setting**

37 The Health Board's financial planning approach continues to mature with greater engagement with stakeholders than in previous years and robust arrangements for budget setting. There remains a robust approach to financial planning and integrated medium term planning more generally, with the addition of an Engagement Plan in 2016-17 to improve stakeholder engagement with the budget setting process. There is a more bottom-up approach to identifying savings by directorates in 2016-17, alongside cross cutting themes for savings, which should provide greater accountability and realism to the process.

**In year financial controls operate appropriately and ensure good stewardship although some aspects need to be more consistently documented and applied**

38 In-year financial controls operate appropriately and ensure good stewardship although some aspects need to be more consistently documented and applied. There are clear roles and responsibilities set out in the Local Planning Framework, although they could be more consistently documented for the staff leading the cross cutting themes for savings schemes. The terms of reference for Clinical Business Meetings are not consistently in place yet. The Audit Committee plays an active role, as part of the overall Board Assurance Framework, in monitoring financial control drawing appropriately on the work of internal and external audit and the Local Counter Fraud Service.

**Financial reporting arrangements provide appropriate information for Board decision making and support corrective action if required**

- 39 Financial reporting arrangements provide appropriate information for Board decision making and support corrective action if required. The Board responds openly and transparently to identified risks and issues and there is consistent, reliable and timely reporting at both operational levels and to the Board. There is active monitoring through various operational and Board level groups, including monthly Clinical Business Meetings with directorates, and the Finance Performance and Workforce Committee of the Board. There is, however, scope for further clarity of key messages and comparisons to other local health boards in Wales in reports to the Board and Executive Board. On the whole, financial reporting provides insights which inform service design and decision making.

**The Health Board has delivered against its annual financial aims for 2015-16 and while it is forecasting a break even position for 2016-17, challenges in delivering planned savings create a risk that this will not be achieved**

- 40 The Health Board delivered against its annual financial aims for 2015-16 and has a strong track record of meeting its financial targets and delivering financial balance in line with its statutory responsibilities and its IMTPs. A high proportion of its 2015-16 savings were recurrent in nature and the Health Board is forecasting to break even again in 2016-17. Savings plans are currently behind target creating a risk in respect of achieving financial balance at year end. Whilst this risk is mitigated somewhat by the fact that the levels of planned investment spending are also behind target to a similar degree, the Health Board will need to effectively manage the collective impact on services.

**The Health Board continued to strengthen strategic planning and governance arrangements during 2016, however there is scope to improve IMTP reporting and project management and pace is needed to address information management and technology arrangements**

- 41 My governance and assurance work has assessed the Health Board's strategic planning and reporting arrangements and the approach for developing and reviewing a board assurance framework. I have also considered the overall effectiveness of the board and its governance structures and the progress made in addressing previous structured assessment recommendations and improvement issues.

The Health Board continues to strengthen its approach to strategic planning with effective arrangements in place but there is scope to further improve IMTP reporting and extend programme and project management arrangements

- 42 The IMTP which was produced in the required timeframe, received board scrutiny and was approved by the Cabinet Secretary. There is a clear strategic planning model and sufficient planning capability and capacity in respect of planning within the Health Board. The Director of Planning and Performance holds executive responsibility for developing the IMTP and there is close working with finance and workforce executive directors to ensure an integrated approach across the organisation.
- 43 There are effective and evolving assurance arrangements in place to monitor and report progress on the delivery of the IMTP, including quarterly reporting to the board. The Health Board is seeking to improve the quarterly reporting in line with a number of recommendations we made last year, and we are seeing positive changes in this respect.
- 44 Cross cutting themes are supported by programme and project management arrangements but there is scope to introduce more systematic approaches to project management across the organisation. In common with other health bodies in Wales the Health Board does not have a single programme management methodology, last year we made a number of recommendations regarding programme and project arrangements and whilst some progress has been made there is still some work yet to be completed.

Board assurance arrangements continue to mature and committees are generally operating effectively although more time is needed to embed recent changes to some committees.

- 45 In reaching this conclusion I found:
- arrangements for developing and embedding the board assurance framework (BAF) continue to mature, and whilst there are still some gaps in assurances, the Health Board is aware of these and is taking action to address them; and
  - the Board and its committees are operating effectively, with improvements made in the transparency of public reporting but recent changes to quality, safety and risk committee will need time to become fully effective.
- 46 The Health Board approved its BAF in April 2015. It was reviewed in 2016 in line with the refreshed IMTP. The BAF is owned by the Board and is considered formally each year. There is an acknowledgement that the BAF is continually evolving and work is ongoing to do this, for example the audit committee have suggested a board development session on risk appetite be held, however this has not yet been acted upon.

- 47 The BAF is structured around the five core objectives and each identified risk is allocated to a lead committee. The Board has delegated the overall monitoring of assurance to the Audit Committee. The Audit Committee now needs to consider how it regularly reviews and monitors assurances within the BAF as part of its annual programme of work.
- 48 Overall, the picture emerging from our comparative work on board assurance frameworks is that the Health Board compares well with other health bodies on a number of areas including board assurance mapping attributes and engaging members in the development of the BAF.
- 49 Our structured assessment observations from this year found improving levels of scrutiny and challenge from Independent Members with generally good responses from executives. There is a strong belief in a culture of transparency within the Board. The administration and conduct of the Board is effective with processes in place to review board and committee effectiveness. Paperless meetings are successful. However, there are still some challenges in meeting the Health Board's timescale for issuing committee papers one calendar week before the meeting. Last year we identified the risks of a reduced timescale and the potential impact upon a committee's ability to consider reports, and the Health Board needs to continue to focus on this area.
- 50 A significant development this year has been the placing of papers for all its committees in the public domain via its website. This is positive, and demonstrates improved transparency.
- 51 There is recognition within the Health Board of the need to strengthen the operational effectiveness of some of its committees, and an acknowledgement that some committees are still developing, for example the primary care committee. During the year the Health Board has continued to review its governance arrangements including the on-going review of its quality and safety committee. The decision was taken to combine the quality and safety and corporate risk committee with the intention of reducing duplication and improving effectiveness. It is too early to assess this committee's effectiveness and we will review its governance and operation as part of our audit work next year.

#### **The Health Board has made good progress in addressing 2015 structured assessment recommendations**

- 52 Our structured assessment work in 2016 has reviewed the progress made by the Health Board in addressing the 12 recommendations made as part of last year's structured assessment. Overall the Health Board has made good progress on addressing our 2015 structured assessment recommendations, although it recognises that work on some areas is still on-going and needs to be seen through to completion.

53 Of the 12 recommendations seven are complete and the remainder are in progress, however, three of the recommendations are overdue ie past their original completion date. We found that tracker information, reported to Audit Committee in October 2016, is consistent with our assessment of progress made in relation to our 12 structured assessment recommendations.

## My other performance audit work has found that although the health board is on track to address previous audit recommendations, the pace needs to be improved

While the Health Board continues to take action to strengthen consultant job planning processes as part of its wider approach to medical workforce planning, it has yet to fully implement all my previous national and local recommendations.

- 54 In June 2016 I completed my local audit review of the progress that the Health Board has made in addressing previous audit recommendations I made in respect of consultant contract benefit realisation and job planning. The main conclusions from that were that:
- the Health Board is investing in the job planning process, although additional work is required on expected outcomes and involvement of other employers;
  - the Health Board is making progress securing the intended benefits from the contract with further opportunities to develop team job planning and flexible contracts; and
  - while the Health Board has completed two recommendations, there is further work to do in 16 of the 18 recommendations previously set out in my national and local reports.

## The Health Board needs to address the pace at which recommendations are addressed

- 55 In addition to reviewing the actions taken to address my 2015 structured assessment recommendations, I also considered the effectiveness of the Health Board's wider arrangements to respond to my audit recommendations. I found that the Audit Committee receives a regular recommendation tracker report which details the progress made against all our recommendations. A summary tracker is also produced showing the overall status of recommendations. Tracking reports are considered at each Audit Committee and pace of progress is challenged.
- 56 In October 2016, the audit tracker reported to the Audit Committee states that of the 126 recommendations made 27 were overdue i.e. beyond their original completion date. Nine related to our information management and technology report. The Health Board needs to address the pace at which these recommendations are addressed as they relate to key business functions and it is also recognised by the Health Board as a risk.

57 I also found that whilst internal and external audit reports receive the necessary profile at the board's committees, the picture is less consistent in respect of reports produced by the Welsh Government's Delivery Unit. The Health Board needs to ensure that these reports receive the necessary profile and attention within the organisation's governance and assurance arrangements, although it is noted that some recent Delivery Unit reports have been considered by the Finance, Performance and Workforce Committee.

# Appendix 1

## Reports issued since my last annual audit report

### Exhibit 2: reports issued since my last annual audit report

The following table lists the reports issued to the Health Board in 2016.

Report	Date
<b>Financial audit reports</b>	
Audit of Financial Statements Report	May 2016
Opinion on the Financial Statements	June 2016
2015-16 Management Letter	December 2016
<b>Performance audit reports</b>	
Follow-up Review of Consultant Contract	June 2016
Structured Assessment 2016	November 2016
<b>Other reports</b>	
2016 Audit Plan	March 2016

### Exhibit 3: performance audit work still underway

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

Report	Estimated completion date
Review of Radiology Services	March 2017
Review of GP Out-of-Hours Services	April 2017
Review of Discharge Planning	July 2017
Progress made in implementing recommendations made in the review of Follow up Outpatient Appointments <sup>2</sup>	May 2017

<sup>2</sup> This review replaces the scheduled review of Estates

# Appendix 2

## Audit fee

The 2016 Audit Plan set out the proposed audit fee of £412,993 (excluding VAT).  
My latest estimate of the actual fee is in accordance with the fee set out in the outline.

# Appendix 3

## Significant audit risks

### Exhibit 4: significant audit risks

My 2016 Audit Plan set out the significant financial audit risks for 2016. The table below lists these risks and sets out how they were addressed as part of the audit.

Significant audit risk	Proposed audit response	Work done and outcome
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	My audit team will: <ul style="list-style-type: none"> <li>test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>review accounting estimates for biases; and</li> </ul> evaluate the rationale for any significant transactions outside the normal course of business.	Work completed and no issues arising.
There is a risk of material misstatement due to fraud in revenue recognition and as such is treated as a significant risk [ISA 240.26-27].	My audit team will: <ul style="list-style-type: none"> <li>review and test the individual funding and income streams received by the Health Board; and</li> </ul> consider whether all funding and income streams have been identified.	Work completed and no issues arising.
There is a significant risk that the Health Board will fail to meet its annual revenue resource allocation and annual capital resource allocation. The month 10 position showed a year-to-date deficit of £1.1 million although the Health board is forecasting a break even position at year end. As in 2014-15, I may choose to place an explanatory substantive report on the financial statements.  The current financial pressures on the Health Board increase the risk that management judgements and estimates could be biased in an effort to achieve the resource limit.	My audit team will focus its testing on areas of the financial statements which could contain reporting bias.	Our audit work on estimates and other subjective areas such as provisions did not identify any material adjustments to the Health Board's result for the year.

Significant audit risk	Proposed audit response	Work done and outcome
<p>There is a risk that the Health Board will not correctly account for ongoing legal claims between provisions and contingent liabilities.</p>	<p>My audit team will review the most up to date position and legal advice and discuss the accounting treatment and presentation of this issue in the financial statements.</p>	<p>We identified some cases in the Quantum Report with a status of '(5) Case Finalised' which had not been correctly accounted for, although the net impact was not material. We have raised a further recommendation in our 2015-16 Management Letter.</p>
<p>The timetable for producing and certifying the annual accounts remains demanding. The Health Board will need to put in place appropriate arrangements to prepare the accounts and ensure that working papers are provided for audit on a timely basis. This will present particular challenges for the Health Board this year given the departure of some key individual members of staff.</p>	<p>My audit team will work with management to minimise the impact of these changes on the accounts preparation and audit processes.</p>	<p>The audit was completed and the financial statements were signed appropriately within the required timetable.</p>
<p>In 2014-15 we commented to management on several areas during the course of our audit work including:</p> <ul style="list-style-type: none"> <li>• accounting for the disposal of Property, Plant and Equipment;</li> <li>• the quality of the data used by the Health Board to calculate the Continuing Healthcare (CHC) provisions; and</li> </ul> <p>the number and value of overpayments to staff who have left employment but continued to get paid.</p>	<p>We will follow up on the recommendations made in our Financial Accounts Memorandum and the adjustments arising from the audit of the financial statements in 2014-15 as part of our 2015-16 audit work.</p>	<p>No significant issues arose from our audit of these areas in 2015-16.</p>

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