

Annual Audit Report 2023 – Aneurin Bevan University Health Board

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Summary report

About this report

- 1 This report summarises the findings from my 2023 audit work at Aneurin Bevan University Health Board undertaken to fulfil my responsibilities under the Public Audit (Wales) Act 2004. That Act requires me to:
 - examine and certify the accounts submitted to me by the Health Board and to lay them before the Senedd;
 - satisfy myself that expenditure and income have been applied to the purposes intended and are in accordance with authorities; and
 - satisfy myself that the Health Board has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.
- 2 I report my overall findings under the following headings:
 - Audit of accounts
 - Arrangements for securing economy, efficiency, and effectiveness in the use of resources.
- 3 This year's audit work took place at a time when NHS bodies were still responding to the legacy of the COVID-19 pandemic as they look to recover and transform services and respond to the additional demand in the system that has built up during the pandemic. Furthermore, health bodies were also dealing with a broader set of challenges associated with the cost-of-living crisis, the climate emergency, inflationary pressures on public finances, workforce shortages, and an ageing estate. My work programme, therefore, was designed to best assure the people of Wales that public funds are well managed.
- 4 I aimed to ensure my work did not hamper public bodies in tackling the post-pandemic challenges they face, whilst ensuring it continued to support both scrutiny and learning. We largely continued to work and engage remotely where possible through the use of technology, but some on-site audit work resumed where it was safe and appropriate to do so. This inevitably had an impact on how we deliver audit work but has also helped to embed positive changes in our ways of working.
- 5 The delivery of my audit of accounts work has continued mostly remotely. Auditing standards were updated for 2022-23 audits which resulted in some significant changes in our approach. The specific changes were discussed in detail in my 2023 Audit Plan. The audited accounts submission deadline was extended to 31 July 2023. The financial statements were certified on 28 July 2023, meaning the deadline was met. This reflects a great collective effort by both my staff and the Health Board's officers.
- 6 I also adjusted the focus and approach of my performance audit work to ensure its relevance in the context of the post-pandemic challenges facing the NHS in Wales. I have commented on how NHS Wales is tackling the backlog of patients waiting for orthopaedic treatments. I have also published an NHS Workforce Data Briefing

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

- 7 This report is a summary of the issues presented in more detailed reports to the Health Board this year (see **Appendix 1**). I also include a summary of the status of work still underway, but not yet completed.
- 8 **Appendix 2** presents the latest estimate of the audit fee that I will need to charge to cover the costs of undertaking my work, compared to the original fee set out in the 2023 Audit Plan.
- 9 **Appendix 3** sets out the audit of accounts risks set out in my 2023 Audit Plan and how they were addressed through the audit.
- 10 The Chief Executive and the Director of Finance have agreed the factual accuracy of this report. We presented it to the Audit, Risk and Assurance Committee on 8 February 2024. The Board will receive the report at a later Board meeting and every member will receive a copy. We strongly encourage the Health Board to arrange its wider publication. We will make the report available to the public on the [Audit Wales website](#) after the Board have considered it.
- 11 I would like to thank the Health Board's staff and members for their help and co-operation throughout my audit.

Key messages

Audit of accounts

- 12 I concluded that the Health Board's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. My work did not identify any material weaknesses in internal controls (as relevant to my audit) however I brought some issues to the attention of officers and the Audit and Risk Assurance Committee for improvement.
- 13 However, I qualified the regularity opinion because the Health Board did not meet its revenue resource allocation over the three-year period ending 31 March 2023.

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

- 14 Alongside my audit opinion, I placed a substantive report on the Health Board's accounts to highlight the regularity issues.

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

- 15 My programme of Performance Audit work has led me to draw the following conclusions:
- Urgent and sustainable action is needed to tackle the long waiting times for orthopaedic services. There's a clear commitment to improve waiting times, however, it could take three years or more to return the orthopaedic waiting list to pre-pandemic levels.
 - Given its financial and performance challenges, the Health Board needs a clear plan to set out how it will achieve financially sustainable service models. In general, Board and committee governance arrangements and the corporate arrangements for developing plans are reasonably effective. However, there is scope to provide clarity on both the impacts of actions set out in plans and actions taken to improve performance.
 - From an all-Wales perspective, despite an increasing NHS workforce, there remain vacancies in key areas, high sickness and staff turnover resulting in over-reliance on agency staffing. More positively, NHS Wales is becoming a more flexible and equal employer.
 - The Health Board has set clear workforce priorities based on a good understanding of its significant risks. It is working hard to address its immediate workforce challenges and its key actions are appropriately aligned to its agreed People Plan. However, the approach is over-emphasising the short term and operational fixes. There is a clear need to revisit Clinical Futures implementation plans so that they enable the development of financially affordable, efficient, and sustainable service workforce models.
 - The Health Board has made reasonable progress in addressing our previous recommendations, particularly in relation to public engagement and Neighbourhood Care Network development and activity. However, the sustainability of some primary care services remains a concern and there needs to be a more co-ordinated, unified, and strategic approach to primary care planning, resourcing, and reporting on outcomes.
- 16 These findings are considered further in the following sections.

Detailed report

Audit of accounts

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

Accuracy and preparation of the 2022-23 accounts

- 20 I concluded that the Health Board's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. My work did not identify any material weaknesses in internal controls (as relevant to my audit) however I brought some issues to the attention of officers and the Audit and Risk Assurance Committee for improvement.
- 21 I must report issues arising from my work to those charged with governance (the Audit, Risk and Assurance Committee) for consideration before I issue my audit opinion on the accounts. My Financial Audit Engagement Lead reported these issues on 18 July 2023. **Exhibit 1** summarises the key issues set out in that report.

Exhibit 1: issues reported to the Audit, Risk and Assurance Committee

Issue	Auditors' comments
Uncorrected misstatements	There were no uncorrected misstatements.
Corrected misstatements	There were a number of adjustments made to the draft accounts, none of which impacted on the reported deficit.
Other significant issues	I qualified my regularity opinion and issued a substantive report because the Health Board did not achieve its financial duty to achieve financial balance for the three-year period 2020-23.

Issue	Auditors' comments
	I also reported improvements which could be made to the verification process for the property, plant and equipment assets and in the production of the remuneration report.

22 I also undertook a review of the Whole of Government Accounts return. I concluded that the counterparty consolidation information was consistent with the Health Board's financial position on 31 March 2023 and the return was prepared in accordance with the Treasury's instructions.

Regularity of financial transactions

- 23 The Health Board's financial transactions must be in accordance with authorities that govern them. The Health Board must have the powers to receive income and incur expenditure. Our work reviews these powers and tests that there are no material elements of income or expenditure which the Health Board does not have the powers to receive or incur.
- 24 Where a Health Board does not achieve financial balance, its expenditure exceeds its powers to spend and so I must qualify my regularity opinion.
- 25 For 2022-23, the Health Board failed to meet the first financial duty, which gives additional flexibility to LHBs by allowing them to balance their income with their expenditure over a three-year rolling period. The three-year period being measured under this duty this year is 2020-21 to 2022-23.
- 26 The Health Board did not achieve financial balance for the three-year period ending 31 March 2023, exceeding its cumulative revenue resource limit of £4,789.223 million by £36.348 million, which I deem to be outside its powers to spend, so I have issued a qualified opinion on the regularity of the financial transactions within the Health Board's 2022-23 accounts.

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

27 I have a statutory requirement to satisfy myself that the Health Board proper arrangements in place to secure efficiency, effectiveness, and economy in the use of resources. I have undertaken a range of performance audit work at the Health Board over the last 12 months to help me discharge that responsibility. This work has involved:

- commenting on how NHS Wales is tackling the backlog of patients waiting for orthopaedic treatments.
- undertaking a structured assessment of the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically.
- publishing an NHS Workforce Data Briefing that brings together a range of metrics and trends to help illustrate the challenges that need to be gripped locally and nationally.
- reviewing the effectiveness of the Health Board's workforce planning arrangements.
- assessing the extent to which the Health Board has implemented my 2019 recommendations on primary care, as well as the extent to which there is appropriate capacity and capability to deliver priorities as well as the extent to which the Board and/or its committees consider matters relating to primary care.

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

Orthopaedic Services in Wales

29 In March 2023, I commented on orthopaedic services across Wales. My national report '[Orthopaedic Services in Wales – Tackling the Waiting List Backlog](#)' sets out the scale of orthopaedic waits, changes in demand, aspects of service capacity and some of the nationally co-ordinated work to modernise services. My report also set out key actions NHS Wales needs to take to tackle the challenges in orthopaedic services.

30 My work found that securing timely treatment for people with orthopaedic problems has been a challenge for the NHS in Wales for many years, with the COVID-19 pandemic making this significantly worse. Previous monies allocated by Welsh Government have resulted in short term improvements but have not achieved the sustainable changes to services that were necessary with orthopaedic waiting list targets not met since they were first established in 2009.

31 Since the impact of the pandemic has lessened, orthopaedic services have been slow to restart, and while necessary infection control regimes will continue to have

an impact on throughput, there is scope for current capacity to be used more efficiently. My scenario modelling indicates that it could take between three to five years to return orthopaedic waits to pre-pandemic levels across Wales. This is based on both a significant drive on community-based prevention and an increase in capacity and activity. Without this, services may never return to pre-pandemic levels.

- 32 My work found that there is a clear commitment to improve orthopaedic services. NHS Wales commissioned efficiency and effectiveness reviews both nationally and locally, which set out a suite of recommendations. A national clinical strategy for orthopaedics was also commissioned which sets out service options and a clear clinical voice on what needs to be done. However, urgent action is needed to secure short-term improvements in waiting times to minimise how long people wait in pain and discomfort, as well as creating more sustainable longer-term improvements.
- 33 In addition to my national report, my team set out how the Health Board's orthopaedic services compare to other health boards across Wales. My comparative report highlighted that the Health Board has:
- some of the highest waits, including patients waiting longer than a year for a first outpatient appointment, although the proportion of patients on the waiting list for longer than two years is below the all-Wales average;
 - the highest level of potential latent 'lost' demand as an impact of patients not going to their GP during the pandemic;
 - the lowest levels of orthopaedic bed and medical workforce capacity;
 - some of the shortest waits for radiology services, and physiotherapy; and
 - good uptake of 'see on symptom' pathways to reduce unnecessary follow-up outpatient demand, but lower uptake of the use of patient-initiated follow-up.
- 34 My scenario modelling indicates that optimistically the waiting list for the Health Board could return to pre-pandemic levels by 2026, and realistically by 2029 but without concerted effort may take many years to return to pre-pandemic levels, if at all. My local report also sets out a series of prompts and questions for Board members to inform debate and obtain assurance that improvement actions at a local level are having the desired effect.

Structured assessment

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

Board transparency, effectiveness, and cohesion

- 37 My work considered whether the Health Board's Board conducts its business appropriately, effectively, and transparently. I paid particular attention to:
- Public transparency of Board business;
 - Arrangements to support the conduct of Board business;
 - Board and committee structure, business, meetings, and flows of assurance;
 - Board commitment to hearing from staff, users, other stakeholders; and
 - Board skills, experiences, cohesiveness, and commitment to improvement.
- 38 My work found that Board and Committee arrangements are reasonably effective; however, there are opportunities to improve the quality and timeliness of information to ensure effective oversight over the Health Board's key challenges.
- 39 Board and committees operate transparently, with appropriate discussions on key financial, performance, and quality challenges. The Health Board's committee structure is well-established, and meetings are well chaired. There are reasonably effective arrangements to support flows of assurance from the committees to the Board; however, the quality and timeliness of the information the Board and committees receive requires improvement. The Board demonstrates a commitment to continuous improvement.

Corporate systems of assurance

- 40 My work considered whether the Health Board has a sound corporate approach to managing risks, performance, and the quality and safety of services. I paid particular attention to the organisation's arrangements for:
- Overseeing strategic and corporate risks;
 - Overseeing organisational performance;
 - Overseeing the quality and safety of services; and
 - Tracking recommendations.
- 41 My work found that the Health Board is making good progress in developing and refining its systems of assurance. Work is also progressing to strengthen arrangements for monitoring risk, performance and the quality and safety of services. However, it will need to effectively embed these new arrangements across the organisation to manage the finance, performance, and quality risks it faces.
- 42 The Health Board is implementing a new Performance Management and Accountability Framework, but it needs ensure that performance reports set out clearly the actions required to address underperformance and, where relevant, the impact of past actions taken. Its arrangements for tracking and monitoring outstanding audit and inspection recommendations are improving but will require more focus to close overdue recommendations.

Corporate approach to planning

- 43 My work considered whether the Health Board has a sound corporate approach to planning. I paid particular attention to the organisation's arrangements for:
- Producing and overseeing the development of strategies and corporate plans, including the Integrated Medium-Term Plan; and
 - Overseeing the delivery of corporate strategies and plans.
- 44 My work found that the Health Board's approach for developing its strategic and corporate plans is generally effective. However, the Health Board is facing increasing challenges, including growing demand for care with need becoming more complex, continued 'legacy' from the COVID-19 pandemic and substantial financial pressures. The Board will need to give careful consideration to sustainable clinical service models to ensure improved efficiency and productivity as part of the strategy development. Its arrangements for developing the Integrated Medium-Term Plan and corporate strategies are reasonably effective. However, reports setting out the progress to deliver plans need strengthening.

Corporate approach to managing financial resources

- 45 My work considered whether the Health Board's has a sound corporate approach to managing its financial resources. I paid particular attention to the organisation's arrangements for:
- Achieving its financial objectives;
 - Overseeing financial planning;
 - Overseeing financial management; and
 - Overseeing financial performance.
- 46 My work found that the Health Board is facing significant financial challenges. It did not achieve financial balance for 2022-23. Until the announcement of an additional allocation of £89 million in October 2023, it was forecasting a deteriorating position for 2023-24. The current year-end forecast, including the non-recurring additional Welsh Government allocation, is a deficit of £57 million.
- 47 While it has a reasonable approach to financial planning, several factors are impacting its ability to achieve the plan, including blocked beds, prescribing spend, Continuing Healthcare costs, service demand and wider inflation-related cost increases. The Health Board has established an ambitious savings plan but the risks to its ability to deliver these savings are already apparent. Finance savings reports should be clearer on the extent that actions that it is taking to address the risks are having the desired impact. Board finance reports are open and transparent about the Health Board's financial challenges and the potential impact on service quality and safety when making difficult decisions with the aim of improving the financial position.

NHS workforce data briefing

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

Workforce planning arrangements

- 51 My review examined whether the Health Board has effective arrangements to support workforce planning. It focussed on the strategic and operational workforce planning, how it uses workforce information and how it works with its stakeholders to develop solutions. The work also considered the organisation's capacity and capability to identify and address key short and long-term workforce challenges and how it monitors whether its approach is making a difference.
- 52 My work found that the Health Board has a good understanding of its strategic workforce challenges and has set clear workforce priorities based on a good understanding of the significant risks it faces. Actions are appropriately aligned to the agreed People Plan and the Health Board is improving data to support workforce planning and is engaging well with its key stakeholders.
- 53 However, there is a clear need for it to develop workforce plans that support long-term financially sustainable service models. The Health Board is working hard to address the immediate workforce challenges but is not giving sufficient attention to workforce redesign and service transformation.
- 54 There is appropriate Board, Committee and Executive level scrutiny of delivery of the Health Board's People Plan, but the reports which are produced to inform oversight need to better describe the progress that is being made and the impact the Plan is achieving.

Primary care follow-up review

- 55 My review examined the extent to which the Health Board has implemented my previous 2019 recommendations relating to primary care. I also assessed the extent to which the Board and/or its committees regularly consider matters relating to primary care, and whether the Health Board's central primary care services team has the appropriate capacity and capability.
- 56 My work found that the Health Board has made reasonable progress in addressing our previous recommendations, particularly in relation to public engagement and Neighbourhood Care Network development and activity. However, the sustainability of some primary care services remains a concern and there needs to be a more co-ordinated, unified, and strategic approach to primary care planning, resourcing, and reporting on outcomes.
- 57 The Health Board has strengthened public engagement and key aspects of Neighbourhood Care Network activity and development. It is also beginning to improve its approach to evaluating new ways of working. However, it is yet to establish a clear financial baseline to support the shift in resources from secondary to primary care. Primary care services are appropriately reflected in the Health Board's Clinical Futures strategic plans, Integrated Medium-Term Plan (IMTP), and 11 underpinning Neighbourhood Care Networks IMTPs. Between them, they set out a high-level ambition and some detailed improvement actions to transform services. Primary care reporting to the Board and its committees has improved,

however, there is scope to provide greater coverage on primary care challenges, opportunities, and risks. There remain a very limited number of corporately reported performance indicators for primary care and there needs to be clearer outcome-based measures and reporting to help to understand what is being achieved.

- 58 The work of primary care support and contracting teams has grown significantly, however, they are increasingly crisis-driven. The Health Board recognises a need to review the function of the Primary Care Operational Support Team to provide 'upstream support' rather than crisis response and consider team resourcing levels. At present though, resources supporting transformation are separate to core primary care practice support which may mean that overall capacity is not best utilised.

Appendix 1

Reports issued since my last annual audit report

Exhibit 2: reports issued since my last annual audit report

The following table lists the reports issued to the Health Board in 2023.

Report	Date
Financial audit reports	
Audit of Financial Statements Report	July 2023
Opinion on the Financial Statements	July 2023
Audit of Charitable Funds Financial Statements Report and Opinion on the Charitable Funds Financial Statements	January 2024
Performance audit reports	
Orthopaedic Services in Wales – Tackling the Waiting List Backlog	March 2023
Orthopaedic Services in Wales – Tackling the Waiting List Backlog: A comparative picture for Aneurin Bevan University Health Board	March 2023
NHS Workforce Data Briefing	September 2023
Structured Assessment 2023	November 2023
Review of Workforce Planning Arrangements	December 2023

Report	Date
Primary Care Follow Up Review	December 2023
Other	
2023 Audit Plan	April 2023

My wider programme of national value for money studies in 2023 included reviews that focused on the NHS and pan-public-sector topics. These studies are typically funded through the Welsh Consolidated Fund and are presented to the Public Accounts Committee to support its scrutiny of public expenditure. Reports are available on the [Audit Wales website](#).

Exhibit 3: performance audit work still underway

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

Report	Estimated completion date
Unscheduled Care: Flow out of Hospital	February 2024
Review of Financial Efficiencies	March 2024
Quality Governance Follow up	May 2024
Review of Planned Care Services Recovery	July 2024
Managing demand for urgent and emergency care	July 2024

Appendix 2

Audit fee

The 2023 Audit Plan set out the proposed audit fee of £420,682 (excluding VAT). My latest estimate of the actual fee, on the basis that some works remains in progress, is in keeping with the fee set out in the outline.

Appendix 3

Audit of accounts risks

Exhibit 4: audit of accounts risks

My 2023 Audit Plan set out the risks of material misstatement and/or irregularity for the audit of the Health Board's 2022-23 accounts. The table below lists these risks and sets out how they were addressed as part of the audit.

Audit risk	Proposed audit response	Work done and outcome
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for bias; and <p>evaluate the rationale for any significant transactions outside the normal course of business.</p>	<p>My audit team:</p> <ul style="list-style-type: none"> • tested journal entries; • reviewed accounting estimates, particular primary care payments; and • did not identify any transactions outside of the normal course of business. <p>No material issues arose from the work carried out</p>
<p>The risk of failing to meet your first financial duty to break even over a three-year period has now crystallised. The position at month 12 shows year-end surplus/deficit of £37 million. This, combined with the outturns for 2020-21 and 2021-22, predicts a three-year deficit of £36.5 million.</p> <p>We will place a substantive report on the financial statements highlighting the failure and qualify your regularity opinion.</p> <p>Your current financial pressures increase the risk that management</p>	<p>My audit team will focus our testing on areas of the financial statements which could contain reporting bias.</p>	<p>My audit team reviewed year-end transactions, in particular accruals and cut-off. No matters arose from the work carried out.</p> <p>I chose to place a substantive report on the financial statements explaining the failure to break even over a three period and the circumstances under which it arose.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>judgements and estimates could be biased in an effort to achieve a sustainable financial position in future years.</p>		
<p>There is a risk that the disclosures within the Remuneration Report will be incorrect.</p> <p>My work identified a number of amendments to the draft 2021-22 Remuneration Report which included:</p> <ul style="list-style-type: none"> • inclusion of annualised salaries for those individuals who were only in post for part of the year; and • inclusion of correct post titles. <p>The note was both further complicated by the number of staff changes at Senior Management level and Board members.</p> <p>I understand that for 2022-23, the Health Board has continued to experience a significant number of changes at Senior Management level.</p>	<p>My audit team will review the completeness and accuracy of the Remuneration Report.</p>	<p>Our work in this area identified some issues which we reported to those charged with governance in the Audit report prior to sign off – there was no material impact on the accounts.</p>
<p>There is a risk that the Gross Book Value (GBV) of assets will be materially mis-stated.</p> <p>Due to COVID, the Health Board decided not to undertake its annual asset impairment review and the process for verifying asset existence as at 31 March 2022.</p> <p>As part of my audit team’s review of asset lives, my testing of assets recorded as having a Net Book Value (NBV) of ‘nil’ as at 31 March 2022 found that all of our sample tested were no longer in use and therefore the GBV of these assets</p>	<p>My audit team will review the process for asset impairment review and verifying asset existence and sample test assets recorded as having a NBV of ‘nil’ to gain assurance that there are no material misstatements in accounting and reporting.</p>	<p>Our work in this area identified a number of issues which we reported to those charged with governance in the Audit report prior to sign off – there was no material impact on the accounts.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>was potentially materially overstated.</p>		
<p>Accounting for Property, Plant and Equipment and Intangible Assets continues to be one of the most challenging areas of the accounts and there is a risk that the revaluation of the Health Board's estate is not accounted for correctly.</p> <p>The quinquennial revaluation of the NHS Estate took place as at 1 April 2022.</p> <p>There is a risk that assets are not valued on appropriate bases and that movements in the carrying values of assets are not appropriately accounted for and disclosed.</p> <p>Given the current economic climate, there is a further risk that the carrying values of assets have changed during 2022-23 and that 1 April 2022 valuations are materially misstated at the balance sheet date.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • consider the appropriateness of the work of the Valuation Office as a management expert. • test the appropriateness of asset valuation bases. • review a sample of movements in carrying values to ensure that movements have been accounted for and disclosed in accordance with the Manual for Accounts. <p>consider whether the carrying value of assets at 1 April 2022 remains materially appropriate or whether additional in-year adjustments are required due to the impact of current economic conditions.</p>	<p>My audit team:</p> <ul style="list-style-type: none"> • considered the appropriateness of the work of the Valuation Office as a management expert; • tested the appropriateness of the asset valuation base; • reviewed a sample of movements in carrying values; and • considered whether the carrying value of assets at 1 April 2022 remains materially appropriate or whether additional in-year adjustments are required due to the impact of current economic conditions. <p>No material issues arose from the work carried out.</p>



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