

Bundle Audit & Assurance Committee - Open 6 May 2020

AGENDA

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 - 1.2 Apologies for Absence
 - 1.3 Declarations of Interest
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 - 3.1 Any Other Business
 - 3.2 Date of Next Meeting: Final Accounts Meeting - Tuesday, 26 May 2020 at 10am

AUDIT AND ASSURANCE COMMITTEE

Wednesday, 6 May 2020

1.00pm – 2.30pm

Via Skype/Teleconference

AGENDA

PART 1	PRELIMINARY MATTERS	13:00-13:10
1.1	Welcome and Introductions	Chair/ Oral
1.2	Apologies for Absence	Chair/ Oral
1.3	Declarations of Interest	Chair/ Oral
1.4	Draft Minutes of the Audit Committee meeting held on 1 April 2020	Chair/ Attachment
1.5	Action Log	Chair/ Attachment
1.6	Matters Arising	Chair/ Attachment
PART 2	MATTERS FOR CONSIDERATION	13:10-14:25
2.1	Internal Audit: <ul style="list-style-type: none"> Head of Internal Audit Opinion and Annual Report 2019/2020 GDPR Internal Audit Report IT/Digital Review Internal Audit Report 	Internal Audit/ Attachments
2.2	National Assembly for Wales Accountability and Audit Report	Wales Audit Office/ Oral
2.3	Procurement Compliance Annual Report 2019/2020	Director of Finance/ Head of Procurement/ Attachment
2.4	Senior Information Risk Owner (SIRO) Annual Report 2019/2020	Board Secretary/ Attachment
2.5	Review of Draft Accounts 2019/2020	Director of Finance/ Attachment
PART 3	CLOSE	14:25-14:30
3.1	Any Other Business	Chair
3.2	Dates of Next Meeting: Final Accounts Meeting Tuesday, 26 May 2020 at 10.00am to be confirmed to take place either via Skype/Teleconference or in Ty Dysgu	

In accordance with the provision of Section 1(2) of the Public Bodies (Admissions to Meetings) Act 1960 it shall be resolved that representatives of the press and other members of the public be excluded from the latter part of the meeting on the grounds that it would be prejudicial to the public interest due to the confidential nature of the business transacted. This section of the meeting is to be held in private session.

UNCONFIRMED

**DRAFT Minutes of the Audit and Assurance Committee
held on 1 April 2020
Via Skype/Teleconference**

Present:

Gill Lewis	Independent Member (Chair)
John Hill Tout	Independent Member (Vice Chair HEIW)
Dr Ruth Hall	Independent Member

In Attendance:

Dafydd Bebb	Board Secretary
Eifion Williams	Director of Finance
Martyn Pennell	Head of Financial Accounting
Mike Usher	Engagement Director, Wales Audit Office
Helen Goddard	External Audit Manager, Wales Audit Office
Clare James	Performance Audit Lead, Wales Audit Office
Paul Dalton	Head of Internal Audit, NWSSP
Emma Samways	Deputy Head of Internal Audit, NWSSP
Dr Chris Jones	HEIW Chair
Kay Barrow	Corporate Services Manager (Secretariat)

PART 1	PRELIMINARY MATTERS	Action
AAC: 01/04/1.1	Welcome and Introductions	
	The Chair welcomed everyone to the meeting.	
AAC: 01/04/1.2	Apologies for Absence	
	Apologies were received from Craig Greenstock, Counter Fraud Manager (Cardiff & Vale UHB) and Helen James, Head of Procurement (NWSSP).	
AAC: 01/04/1.3	Declarations of Interest	
	There were no declarations of interest.	
AAC: 01/04/1.4	Minutes of the Meeting held on 27 January 2020	
	The minutes of the meeting held on 27 January 2020 were received and approved as an accurate record of the meeting.	

AAC: 01/04/1.5	Action Log from the Meeting held on 27 January 2020	
	<p>The Committee received and considered the Action Log from the meeting held on 27 January 2020. The addition of the Glossary of Terms was welcomed.</p> <p>Concern was raised that a number of items scheduled to be presented to the Committee at this meeting had been deferred to a later date. It was confirmed that this was as a result of the decision to streamline meeting agendas to only concentrate on business critical items and those matters related to the COVID 19 Pandemic. The following verbal updates were received:</p> <ul style="list-style-type: none"> • AAC 27/01/2.1 Independent Review of HEIW's Procurement Systems and Processes: The Committee noted that this review was ongoing and would be scheduled to come back to the Committee when the review had been finalised 	
Resolved	The Committee noted the update.	
	<ul style="list-style-type: none"> • AAC 27/01/2.2 Electronic Staff Record (ESR) Compliance Update on Mandatory Training and PADR: Concern was raised as to why this item had been deferred, given the importance of ensuring staff receive an annual PADR, as well as complying with the statutory and mandatory training requirements. <p>It was noted that the item deferred related to the differing PADR process that exists for those individuals within the Medical Directorate who undergo revalidation. It was confirmed that this item had been deferred to enable HEIW to focus on its response to the COVID 19 Pandemic.</p> <p>The Committee received assurance that the improvement activity to address the poor compliance was currently underway and there had been some improvement in compliance. It was anticipated that further improvements would be made in the coming months. The Medical Director's attendance at the Committee has been deferred to July 2020.</p>	
Resolved	The Committee noted the update.	
	<ul style="list-style-type: none"> • AAC 27/01/2.10 Declarations of Interest – Review of Practices within other organisations: Eifion Williams advised that the declarations of interest process within Procurement had been reviewed. He explained that the process was not as robust as it could be in terms of picking up those conflicts of interest where the values fall below the £5k threshold. He explained that the independent review being undertaken of HEIW's procurement systems and processes will be used to strengthen the procurement process going forward. 	
Resolved	The Committee requested specific assurance and evidence on how any conflicts of interest in terms of contracts was being identified and managed.	EW

AAC: 01/04/1.6	Matters Arising	
	There were no matters arising from the previous meeting.	
PART 2	MATTERS FOR CONSIDERATION	
AAC: 01/04/2.1	Counter Fraud	
AAC: 01/04/2.1.1	<p>Progress Report</p> <p>The Committee received the progress report.</p> <p>In presenting the report, Eifion Williams advised that 50 days of commissioned work had been completed. One investigation had been undertaken and was still ongoing. Feedback received from the Head of Counter Fraud had highlighted that whilst a number of awareness sessions had been undertaken this year, there was the need for more opportunities for members of the Counter Fraud Team to attend HEIW internal directorate/departmental meetings to raise fraud awareness. Eifion Williams would be raising this matter at the next Senior Leadership Team.</p> <p>Eifion Williams provided a brief overview of the thematic assessment of counter-fraud, bribery and corruption prevention measures that had been undertaken in place both centrally within NWSSP and across the Health Bodies. The findings of the assessment had highlighted weaknesses in the control processes, particularly those associated with agency staff. It was suggested that HEIW extend the required scrutiny for new starters to include those sourced from agencies. Concern was raised that this would cause a duplication of work however, it was felt that the increased level of scrutiny could be stepped down once a sufficient level of assurance had been obtained in order to do so. The Committee noted that the Head of People & OD had already written to agencies to reinforce the importance of the level of scrutiny required for potential candidates.</p> <p>The Committee recognised that the fraud threat posed during emergency situations was higher than at other times. The Counter Fraud service had circulated posters to areas such as Finance and the Senior Leadership Team, to raise awareness of the key principles to apply for the effective control of fraud.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the report; • agreed that the Director of Workforce & OD be requested to write to agencies for which HEIW contracts, to reinforce the requirement for due diligence in relation to the scrutiny of potential candidates. 	EW
AAC: 01/04/2.1.2	<p>Counter Fraud Annual Plan</p> <p>The Committee received the Annual Plan.</p>	

	<p>In presenting the report, Eifion Williams confirmed that 50 days had been allocated to the Counter Fraud Annual Work Plan which were split across the four areas of activity in line with the National Policy and Standards Framework. The assessment of the days had been undertaken on a risk-based approach to planning local counter fraud work against local needs. Eifion Williams explained that the Head of Counter Fraud had advised that there were no major issues causing him any concern however, there was a need to maintain vigilance.</p> <p>The Committee considered the Work Plan. Concerns were raised around the capacity and capabilities to undertake areas of the Work Plan due to the current working arrangements as a result of the COVID 19 pandemic restrictions. It was clarified that the Work Plan had been developed prior to the increased requirement for social distancing and restriction of movement. The Plan would be revisited in light of the current working arrangements to explore alternative ways of focussing the activity and being proactive at this time.</p> <p>In answer to a query around the number of days compared to other NHS organisations, it was clarified that as HEIW was a unique NHS organisation and much smaller, the number of days in the Work Plan were sufficient. However, as in the previous year, the days could be flexed up or down as required.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • approved the Work Plan • agreed that the Plan be revisited in light of the current working arrangements to explore alternative ways of focussing the activity and being proactive at this time. 	EW
AAC: 01/04/2.2	Internal Audit	
AAC: 01/04/2.2.1	<p>Progress Report</p> <p>The Committee received the report.</p> <p>In presenting the report, Paul Dalton informed the Committee that due to the current working arrangements as a result of the COVID 19 Pandemic, internal audit work had slowed down considerably.</p> <p>In terms of the outstanding audits that had not been issued, the IT & Digital audit had moved into drafting and was reporting reasonable assurance with no key areas of concern. The Service Review – Medical Training Commissioning was work in progress. The audit fieldwork undertaken to date was being reviewed in order to ascertain whether it was sufficient to report on.</p> <p>Paul Dalton advised that the Heads of Internal Audit had discussed their plans in relation to the provision of 2019/20 Head of Internal Opinions as part of the year end reporting. He confirmed that there would be no</p>	

	<p>concerns to the issuing of a Head of Internal Opinion for HEIW at the next Committee meeting.</p> <p>The Committee was pleased to see that reports were coming through as reasonable assurance or substantial assurance.</p> <p>The HEIW Chair raised concerns around the impact of the current working arrangements for HEIW staff and the reduced capacity within the Executive Team due to the temporary redeployment of the Chief Executive on an interim basis to Welsh Government. Paul Dalton advised that the internal audit work had been paused due to the difficulty in undertaking any audit fieldwork. Staff were also being redeployed on an as and when basis however, there would remain key contacts for NHS organisations.</p> <p>The Committee recognised that there was a degree of uncertainty going forward and that a delay in commencing the audit work of a couple of months would impact on the delivery of the 2020/21 Plan. Paul Dalton explained that he would need to review with audit colleagues what would need to be undertaken from the 2020/21 Plan in order to provide a safe Head of Internal Audit Opinion for next year.</p>	
Resolved	The Committee noted the position.	
AAC: 01/04/2.2.2	<p>Risk Management Internal Audit Report</p> <p>The Committee received the report which had received an overall assessment of reasonable assurance. The findings from the review highlighted two issues that were classified as weaknesses in the operation of the designed system/control for risk management. There were five recommendations, one high priority, three medium priorities and one low priority.</p> <p>The Committee acknowledged that a lot of work had been undertaken at a strategic level. However, there were key areas for improvement to ensure that the risk management system continued to evolve and embed throughout the organisation to ensure synergy at both Board and Departmental/Directorate level.</p> <p>Dafydd Bebb informed the Committee that the management response to address the recommendations contained within the report was being implemented. This included the updating of the Risk Management Policy to reflect the requirements outlined within the report. The Executive Team was due to consider the revised Policy however, it had been postponed due to the refocussing of business critical items in response to the COVID 19 Pandemic.</p> <p>It was confirmed that since the reporting, approximately 50% of senior managers had now received the risk management training. Training sessions had continued with further sessions undertaken in January,</p>	

	February. The sessions scheduled for March had been postponed due to the current crisis and would be re-arranged.	
Resolved	The Committee noted the report.	
AAC: 01/04/2.2.3	<p>Strategic Planning – IMTP Internal Audit Report</p> <p>The Committee received the report.</p> <p>In presenting the report, Emma Samways highlighted that the review of the IMTP development process found that the plan had been subject to regular review and approval from both the Executive Team and the Board. Whilst a number of queries were raised and discussed with the Planning Team during the course of the review, no findings were identified and no recommendations raised. The overall level of assurance assigned to this review was significant.</p> <p>The Committee was pleased to receive significant assurance for this internal audit review and to formally record it's thanks to the Planning Team.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the report; • requested that its thanks be passed to the Planning Team for achieving significant assurance for this internal audit review. 	JR
	Mike Usher joined the meeting	
AAC: 01/04/2.2.4	<p>Performance Management Internal Audit Report</p> <p>The Committee received the report.</p> <p>In presenting the report, Emma Samways highlighted that the scope and focus of the audit had been to review the development of the performance framework and dashboard. The overall assessment for the review was that of reasonable assurance. The findings from the review highlighted four issues that were classified as weaknesses in the system control/design, and three issues classified as weaknesses in the operation of the designed system/control. There were seven recommendations, one high priority, four medium priorities and two low priorities.</p> <p>It was highlighted that the WAO reviewed performance management as part of the 2019 Structured Assessment and that the findings of this audit review were consistent with those reported by the WAO.</p> <p>The Committee considered the report and noted the progress being made in the development of a robust performance management framework to meet the needs of the organisation. It was emphasised that the performance metrics needed to link to the investment and that it would be helpful to undertake benchmarking with other higher educational institutes to ascertain the metrics reported.</p>	

	John Hill-Tout informed the Committee that he had undertaken a number of sessions with Julie Rogers and the Team during the development of the framework and dashboard. He offered his continued support during the development as a conduit from the Board's perspective, if required.	
Resolved	<p>The Committee</p> <ul style="list-style-type: none"> • noted the report and the progress being made; • requested that Julie Rogers be informed of John Hill-Tout's offer to provide continued support during the development of the Performance Framework and Dashboard, if required. 	DB
AAC: 01/04/2.2.5	<p>Core Financial Management Internal Audit Report</p> <p>The Committee received the report.</p> <p>In presenting the report, Emma Samways advised that this was a cyclical audit that reviewed different aspects of the financial system. The scope of the audit had included a review of the asset register however, as the register was not complete, this aspect would be rolled into the next year.</p> <p>The findings from the review did not highlight any issues that were classified as weaknesses in the system control/design for Core Financial Systems. Although the findings from the review highlighted 9 issues that were classified as weaknesses in the operation of the designed system/control for Core Financial Systems.</p> <p>The overall level of assurance was that of reasonable assurance. There were 9 recommendations of which five medium priorities and four low priorities.</p> <p>Eifion Williams commented that he was content with the report. He explained that the delay with the reviewing of HEIW's SFI's was linked to the outcome of the national review of the SFIs. He highlighted that, where possible, HEIW adopted the All Wales approach to financial policies and procedures however, the timescale for the review had slipped as the scope of the review had been broadened.</p> <p>Martyn Pennell was content with the report and advised that 7 out of the 9 recommendations had already been completed. He explained that the asset register was in excel format and was being finalised with the new assets.</p>	
Resolved	The Committee noted the report.	
AAC: 01/04/2.2.6	<p>Internal Audit Plan 2020/21</p> <p>The Committee received the report.</p> <p>In presenting the report, Paul Dalton advised that the Plan had been developed in accordance with the Public Sector Internal Audit Standard 2010 and a risk based internal audit planning approach. The Plan had been developed in liaison with key individuals within HEIW. However, due to the current uncertainties arising as a result of the COVID 19</p>	

	<p>Pandemic, the Plan would need to be reviewed in terms of what could or could not be delivered and this was anticipated to take place in Q2.</p> <p>Paul Dalton emphasised that he would continue to liaise with Gill Lewis and Dafydd Bebb to ensure the Plan was prioritised in terms of the key deliverables.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • approved the Plan subject to further clarification in relation to prioritising the key deliverables; • requested that consideration be given to adding the risk to the delivery of the Plan to the Corporate Risk Register. 	<p>PD/DB</p> <p>DB</p>
AAC: 01/04/2.3	Wales Audit Office:	
AAC: 01/04/2.3.1	<p>Progress Report including an Update on 2020 Audit Plan and Fee</p> <p>The Committee received the report.</p> <p>In presenting the report, Mike Usher advised that as there were no amendments to the Audit Plan presented at the last meeting, the audit fee had been moderated by the Auditor General and the reduction agreed. However, due to the impact of the COVID 19 Pandemic and the restrictions imposed in relation to social distancing, all on-site audit work had ceased within the WAO.</p> <p>The performance audit work would continue as far as practicably possible remotely though would be kept under review.</p> <p>In terms of the financial audit work, it was confirmed that the Welsh Government had agreed a revised timetable for the submission of the accounts. The draft accounts submission deadline was 22 May 2020 and the final accounts submission was 30 June 2020, although these would continue to be under review. WAO would continue to work with HEIW's finance team in relation to the audit of the accounts. It was noted that WAO was also working with NWIS in relation to the secure file sharing of key deliverables to ensure the continuation of the financial auditing of the accounts.</p> <p>It was confirmed that the implementation of IFRS16 Leases had been deferred for 12 months however, HEIW would be expected to undertake the necessary preparatory work for the new standard in readiness for the 2021/22 introduction.</p> <p>The Committee discussed the new timetable but was content for Martyn Pennell and the Finance Team to work to the original accounts submission timetable. The Committee acknowledged that there was some flexibility and contingency with the new revised timetable should the need arise. It was emphasised that the later submission date of 30 June 2020 would need to be supported by a Public Board meeting prior to that date to approve the accounts.</p>	

Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the report and the impact of COVID 19 on the delivery of the Plan for 2020/21; • agreed that the original accounts timetable be followed but that the revised timetable be used as a contingency; • requested that contingency plans be put in place for w/c 22 June 2020 for an Audit & Assurance Committee to recommend the final accounts for approval by the Board; • requested that contingency plans be put in place for w/c 22 June 2020 for a Public Board to approve the final accounts. 	<p>DB</p> <p>DB</p>
AAC: 01/04/2.3.2	<p>Structured Assessment 2019 Management Response</p> <p>The Committee received the management response to the WAO 2019 Structured Assessment. Clare James highlighted that, in light of the current situation, the deadline dates within the response would need to be revisited to ensure they were still achievable.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the management response • requested that the deadline dates be revisited and amended if required. 	DB
AAC: 01/04/2.4	<p>Wales Audit Office Audit Enquiries to those Charged with Governance and Management</p> <p>The Committee received the draft response.</p> <p>In presenting the draft response, Martyn Pennell advised that as part of the annual audit of the statutory accounts, HEIW was required to respond to the WAO's request to provide assurance in relation to a number of specific governance areas that impact on the audit of the financial statements as set out in the International Standards on Auditing (ISAs).</p>	
Resolved	The Committee approved the draft response for sign off and submission to the WAO.	EW
AAC: 01/04/2.5	<p>Review of Standing Financial Instructions</p> <p>The Committee received the report.</p> <p>In presenting the report, Eifion Williams explained that, as mentioned earlier in the meeting, the delay with the reviewing of HEIW's SFIs was linked to the outcome of the national review of the SFIs. It was anticipated that the revised SFI's would be issued to Boards for adoption in July 2020.</p>	
Resolved	The Committee noted the report.	
AAC: 01/04/2.6	<p>Draft Annual Governance Statement 2019/20</p> <p>The Committee received the draft Annual Governance Statement.</p> <p>In presenting the report, Dafydd Bebb explained that the layout and content for the document was prescribed by Welsh Government to conform to Chapter 3 of the NHS Wales 2019-2020 Manual for Accounts.</p>	

	<p>The Committee considered the draft. A query was raised in relation to referencing the Committee Annual Reports within the Statement. It was clarified that whilst the Audit & Assurance Committee Annual Report could be referenced within the document, the Annual Reports for the remaining Committees could not be as they had not been considered by the relevant Committee.</p> <p>Concern was raised in relation to the lack of narrative in relation to the key risks or issues that had been considered during the year. It was clarified that whilst the 'red' status risks from the corporate risk register had been highlighted within the Statement, it was good governance to include all the key risks, irrespective of their RAG status, that affected the organisation during the reporting period and how those risks had been mitigated. The Committee also commented that it would expect some key issues and risks to be identified that would need to be mitigated and addressed in the future. The Annual Governance Statement should present a balanced picture of positives and areas where improvement is needed. Good practice suggests that progress against those areas is reported during the following year to the Audit & Assurance Committee.</p> <p>It was also suggested that the changing governance arrangements arising from the response to the COVID 19 Pandemic and the restriction in movement, should also be referenced within the Statement.</p>	
Resolved	<p>The Committee agreed that the Statement be revised to include the following areas:</p> <ul style="list-style-type: none"> • narrative to be added to the Statement to indicate the intention to include reference to Committee Annual Reports for 2020/21; • all the key risks or issues that affected the organisation during 2019/2020, irrespective of their RAG status, and their mitigating actions be included within the Statement; • some key issues and risks to be identified that would need to be mitigated and addressed in the future; • the changing governance arrangements in response to COVID 19 be reflected in the Statement. 	DB
AAC: 01/04/2.7	Draft Committee Annual Report 2019/2020	
	<p>The Committee received the draft Annual Report.</p> <p>In presenting the report, Dafydd Bebb advised that the Annual Report summarised the key areas of business activity undertaken by the Committee during 2019/2020. It also highlighted some of the key issues which the Committee intended to give further consideration to over the next 12 months.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • approved the Annual Report • requested that the Annual Report be submitted to the May Board so that the Board could review the performance of the Committee during 2019/2020. 	DB

AAC: 01/04/2.8	Procurement Compliance Report	
	<p>The Committee received the report.</p> <p>In presenting the report, Eifion Williams advised that the reporting was in line with the requirement of HEIW's Standing Financial Instructions.</p> <p>It was clarified that a review of the current procurement procedure to check against an organisation's Declaration of Interest Register was not as robust as it could be. It was noted that the Counter Fraud Thematic Assessment within Shared Services had also highlighted potential areas of weakness in the operation of the designed system/control. Eifion Williams advised that he would be working with the Procurement Team to strengthen the process going forward.</p> <p>In relation to a query raised regarding item HEIW/FN/061 and the compliance comment of 'not endorsed', Eifion Williams agreed to pick up the matter with Procurement.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the report for assurance purposes. • requested that an explanation be provided regarding item HEIW/FN/061 and the compliance comment of 'not endorsed'. 	EW
AAC: 01/04/2.9	Audit Recommendations Tracker	
	<p>The Committee received the Audit Recommendation Tracker.</p> <p>In presenting the Tracker, Dafydd Bebb highlighted that an opportunity to review audit tracking across NHS organisations in Wales was undertaken following the discussion at the last meeting and the agreed actions for those recommendations past their original deadline date. Best practice was identified within the Welsh Ambulance Services NHS Trust (WAST) and their Audit Tracker Tool simplified the tracking process and had been adopted for HEIW.</p> <p>It was highlighted that currently there were eight recommendations arising from audit reports that were in progress. There were three 'Red' status recommendations where good progress was being made, but outside the target date. One 'Amber' status where the action had not reached the deadline date. Four of the recommendations had been assessed as 'Green' status where actions were completed.</p> <p>The Committee considered the Tracker. Concerns were raised in relation to Recommendation 30 and the delays in relation to progressing the required policies. It was clarified that the essential policies were in place. The outstanding policies related to Alcohol & Substance Misuse and Mental Health & Wellbeing Procedures as part of the Corporate Health Standard and were currently out for consultation.</p>	
Resolved	The Committee:	

	<ul style="list-style-type: none"> • noted the revisions to the Tracker and the status of the recommendations; • agreed that if a recommendation's status was 'Green' and had been fully completed, that it could be removed from the Tracker; 	DB
PART 3	FOR INFORMATION/NOTING	
AAC: 01/04/3.1	Welsh Government Grip and Control Expectations	
	<p>The Committee received the report.</p> <p>In presenting the report, Eifion Williams advised that NHS Wales organisations have been requested to review their financial management control arrangements to ensure that resources are being utilised effectively within their organisation. He explained that HEIW was in the process of reviewing its existing control arrangements in order to provide the required assurance to Welsh Government. It was highlighted that the key grip and control themes also outlined areas of good practice. An assessment of the good practice within the themes would be undertaken and any good practice proposals for adoption by HEIW would be developed for consideration by the Committee at a future meeting.</p>	
Resolved	<p>The Committee</p> <ul style="list-style-type: none"> • noted the report and the provision of a response to Welsh Government to provide the required assurance; • agreed that any good practice proposals for adoption by HEW be presented at a future Committee meeting. 	EW
PART 4	CLOSE	
AAC: 01/04/3.1	Any Other Business	
AAC: 01/04/3.1.1	<p>Governance Update for COVID 19</p> <p>The Committee received the copies of the correspondence.</p> <p>In presenting, Dafydd Bebb advised that the Board Secretaries Network had considered the governance consequences and potential impact in light of the response to the COVID 19 Pandemic and the restrictions to the normal ways of working and conducting Board and Committees. The correspondence detailed the advice/proposals from the Board Secretaries Network to Welsh Government and the subsequent response from the Welsh Government.</p> <p>Dafydd Bebb advised that a number of the governance changes had been undertaken by the Board at its March meeting which had been in line with the advice and guidance received from Welsh Government.</p>	
Resolved	The Committee noted the correspondence.	
AAC: 01/04/3.1.2	<p>COVID 19 – Decision Making & Financial Guidance</p> <p>The Committee received the Welsh Government letter and guidance.</p> <p>In presenting the guidance, Eifion Williams highlighted the importance of HEIW continuing to comply with public sector principles when decision</p>	

	<p>making and taking. He explained that the guidance clearly sets out the expectations from a financial management and reporting perspective in light of the current restrictions in response to the COVID 19 Pandemic.</p> <p>The Committee was reassured that the Finance Department had a number of measures in place to ensure an appropriate level of communication and that work matters were conducted to the appropriate standards.</p>	
Resolved	The Committee noted the letter and guidance from Welsh Government	
AAC: 01/04/3.2	Date of Next Meeting	
	<p>The Committee noted that the date of the Draft Accounts Meeting was scheduled for Wednesday, 6 May 2020 at 1.00pm, and the Final Accounts Meeting was scheduled for Tuesday, 26 May 2020 at 10.00am. Both meetings would remain in the diary and be via Skype/Teleconference. However, these may be changed should the need arise.</p>	

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Gill Lewis (Chair)

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Date:

Audit and Assurance Committee (Open)
1 April 2020
Action Log

(The Action Sheet also includes actions agreed at previous meetings of the Audit and Assurance Committee and are awaiting completion or are timetabled for future consideration for the Committee. These are shaded in the first section. When signed off by the Audit and Assurance Committee these actions will be taken off the rolling action sheet.)

Minute Reference	Agreed Action	Lead	Target Date	Progress/ Completed
AAC: 22/11/2.13	Corporate Risk Register			
	<ul style="list-style-type: none"> The risk escalation process be formalised. 	Board Secretary	July 2020	The Executive Team was due to consider the revised Risk Management Policy which includes the risk escalation process however, it had been postponed due to the refocussing of business critical items in response to the COVID 19 Pandemic.
AAC: 22/11/3.1	Review of Committee Effectiveness			
	<ul style="list-style-type: none"> The evaluation of the Checklist be presented to the April Committee. 	Board Secretary	July 2020	In light of the Coronavirus Pandemic, this item has been deferred to the July Committee.
AAC: 27/01/2.1	Counter Fraud Progress			
	<ul style="list-style-type: none"> The Committee to receive a copy of the report following the Independent Review of HEIW's Procurement systems and processes for information. 	Director of Finance	TBC	This review is still ongoing and would be scheduled to come back to the Committee when the review had been finalised.

Minute Reference	Agreed Action	Lead	Target Date	Progress/ Completed
AAC: 27/01/2.2	Electronic Staff Record (ESR) Compliance Update on Mandatory Training and PADR			
	<ul style="list-style-type: none"> The Medical Director to be invited to attend the April Committee for a supportive discussion. 	Director of Workforce and OD	July 2020	In light of the Coronavirus Pandemic, this item has been deferred to the July Committee.
AAC: 27/10/2.10	Declarations of Interest – Review of Practices within other organisations			
	<ul style="list-style-type: none"> The Committee to receive for specific assurance and evidence on how any conflicts of interest in terms of contracts was being identified and managed. 	Director of Finance	May 2020	Update given at last meeting whereby Procurement Services ensure that individuals involved in selection of suppliers formally declare that they have no conflict of interest.
AAC: 27/10/2.11	HEIW and HIW Memorandum of Understanding			
	<ul style="list-style-type: none"> Final MOU to be presented to the April Committee. 	Board Secretary	July 2020	The MOU is still in development. This item has been deferred to the July Committee.
AAC: 01/04/2.1.1	Counter Fraud Progress Report			
	<ul style="list-style-type: none"> The Director of Workforce & OD be requested to write to agencies for which HEIW contracts, to reinforce the requirement for due diligence in relation to the scrutiny of potential candidates. 	Director of Finance	Within 2 weeks	Completed.
AAC: 01/04/2.1.2	Counter Fraud Annual Plan			
	<ul style="list-style-type: none"> The Annual Plan to be revisited in light of the current working arrangements to explore alternative ways of focussing the activity and being proactive at this time. 	Director of Finance	Within 2 weeks	Support from Counter Fraud team is continuing, albeit at a reduced level, given the circumstances. It is now focussed on providing advice, updates and awareness of fraud activities/attempts.

Minute Reference	Agreed Action	Lead	Target Date	Progress/ Completed
AAC: 01/04/2.2.3	Strategic Planning – IMTP Internal Audit			
	<ul style="list-style-type: none"> The formal thanks of the Committee be passed to the Planning Team for achieving significant assurance for this internal audit review. 	Director of Workforce & OD	Within 2 weeks	Completed.
AAC: 01/04/2.2.4	Performance Management Internal Audit			
	<ul style="list-style-type: none"> Julie Rogers to be informed of John Hill-Tout's offer to provide continued support during the development of the Performance Management Framework and Dashboard, if required. 	Board Secretary	Within 2 weeks	Completed
AAC: 01/04/2.2.6	Internal Audit Plan 2020/21			
	<ul style="list-style-type: none"> The Audit Plan was approved subject to further clarification in relation to prioritising the key deliverables. 	Head of Internal Audit/Board Secretary	July 2020	Meeting scheduled between Head of Internal Audit and Board Secretary for 1 May. A verbal update to be provided in the Committee meeting.
	<ul style="list-style-type: none"> Consideration to be given to adding the risk to the delivery of the Plan to the Corporate Risk Register. 	Board Secretary	May 2020	Meeting scheduled between Head of Internal Audit and Board Secretary for 1 May. A verbal update to be provided in the Committee meeting.
AAC: 01/04/2.3.1	Wales Audit Office Annual Audit Plan 2020/21			
	<ul style="list-style-type: none"> Contingency plans to be put in place for w/c 22 June 2020 for an Audit & Assurance Committee to scrutinise the final accounts for recommend for approval by the Board. 	Board Secretary	Within 2 weeks	Additional Audit and Assurance Committee to be scheduled for 18 or 23 June to consider the Accountability Report (Including the Annual Governance Statement).

Minute Reference	Agreed Action	Lead	Target Date	Progress/ Completed
	<ul style="list-style-type: none"> Contingency plans to be put in place for w/c 22 June 2020 for a Public Board to approve the final accounts. 	Board Secretary	Within 2 weeks	Final accounts to be approved at May Board. An Open Board to take place on 25 June (the same date as the Board Development Session). This will consider the final approval of the Accountability Report (including the Annual Governance Statement).
AAC: 01/04/2.3.2	Structured Assessment 2019 Management Response			
	<ul style="list-style-type: none"> The deadline dates within the response to be revisited and amended if required 	Board Secretary	Within 2 weeks	The target dates are being revisited. An update will form part of the Audit Recommendations Tracker reporting for the Committee scheduled for July 2020.
AAC: 01/04/2.4	Wales Audit Office Audit Enquiries to those Charged with Governance and Management			
	The draft response was approved for sign off and submission to the WAO	Director of Finance	Within 1 week	Completed.
AAC: 01/04/2.6	Draft Annual Governance Statement			
	<p>The Statement be revised to include the following areas:</p> <ul style="list-style-type: none"> narrative to be added to the Statement to indicate the intention to include reference to Committee Annual Reports for 2020/21; all the key risks or issues that affected the organisation during 2019/2020, irrespective of their RAG status, and their mitigating actions be included within the Statement; some key issues and risks to be identified that would need to be mitigated and addressed in the future; 	Board Secretary	May 2020	The Annual Governance Statement to be updated and presented to the additional meeting of the Committee to be scheduled on either 18 or 23 June 2020.

Minute Reference	Agreed Action	Lead	Target Date	Progress/ Completed
	<ul style="list-style-type: none"> the changing governance arrangements in response to COVID 19 be reflected in the Statement. 			
AAC: 01/04/2.7	Draft Committee Annual Report 2019/2020			
	<ul style="list-style-type: none"> The Annual Report be submitted to the May Board so that the Board could review the performance of the Committee during 2019/2020. 	Board Secretary	May 2020	Committee Annual Report added to the May Board Agenda.
AAC: 01/04/2.8	Procurement Compliance Report			
	<ul style="list-style-type: none"> An explanation be provided regarding item HEIW/FN/061 and the compliance comment of 'not endorsed'. 	Director of Finance	May 2020	Response received from NWSSP and update will be provided in the Committee meeting.
AAC: 01/04/2.9	Audit Recommendations Tracker			
	<ul style="list-style-type: none"> Remove those recommendations that had been assessed as 'Green' and fully completed. 	Board Secretary	Within 2 weeks	Completed.
AAC: 01/04/3.1	Welsh Government Grip and Control Expectations			
	<ul style="list-style-type: none"> Any good practice proposals for adoption by HEIW be presented at a future Committee meeting. 	Director of Finance	TBC	Under review.



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Cymru (AaGIC)
Health Education and
Improvement Wales (HEIW)

Meeting Date	6 May 2020	Agenda Item	2.1
Report Title	Head of Internal Audit Opinion and Annual Report 2019/2020		
Report Author	Internal Audit		
Report Sponsor	Head of Internal Audit		
Presented by	Internal Audit		
Freedom of Information	Open		
Purpose of the Report	The 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).		
Key Issues	The 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.		
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance
	✓		
Recommendations	The Committee is asked to note the report for assurance purposes.		

Governance and Assurance			
Link to IMTP strategic aims <i>(please ✓)</i>	Strategic Aim 1: To lead the planning, development and wellbeing of a competent, sustainable and flexible workforce to support the delivery of 'A Healthier Wales'	Strategic Aim 2: To improve the quality and accessibility of education and training for all healthcare staff ensuring that it meets future needs	Strategic Aim 3: To work with partners to influence cultural change within NHS Wales through building compassionate and collective leadership capacity at all levels
	Strategic Aim 4: To develop the workforce to support the delivery of safety and quality	Strategic Aim 5: To be an exemplar employer and a great place to work	Strategic Aim 6: To be recognised as an excellent partner, influencer and leader
Quality, Safety and Patient Experience			
N/A			
Financial Implications			
N/A			
Legal Implications (including equality and diversity assessment)			
N/A			
Staffing Implications			
N/A			
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)			
N/A			
Report History	N/A		
Appendices	<ul style="list-style-type: none"> Appendix 1 – Head of Internal Audit Opinion and Annual Report 2019/2020 Appendix 2 – GDPR Internal Audit Report Appendix 3 – IT/Digital Review Internal Audit Report 		

Health Education and Improvement Wales

HEAD OF INTERNAL AUDIT OPINION & ANNUAL REPORT 2019/20

April 2020

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

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Report status:	Draft
Final report issued:	29 April 2020
Author:	Head of Internal Audit
Executive Clearance:	Director of Audit and Assurance
Audit and Assurance Committee:	May 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 10 final reports, 1 draft report, 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 those audits 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) (Draft), 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 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.</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) (Draft)** - 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 the 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 (Draft) (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) (Draft)
- GDPR (Limited) (Draft).

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, and the Head of Internal Audit does consider if any issues raised in the audits could impact on the content of our annual report.

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 29 April 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.

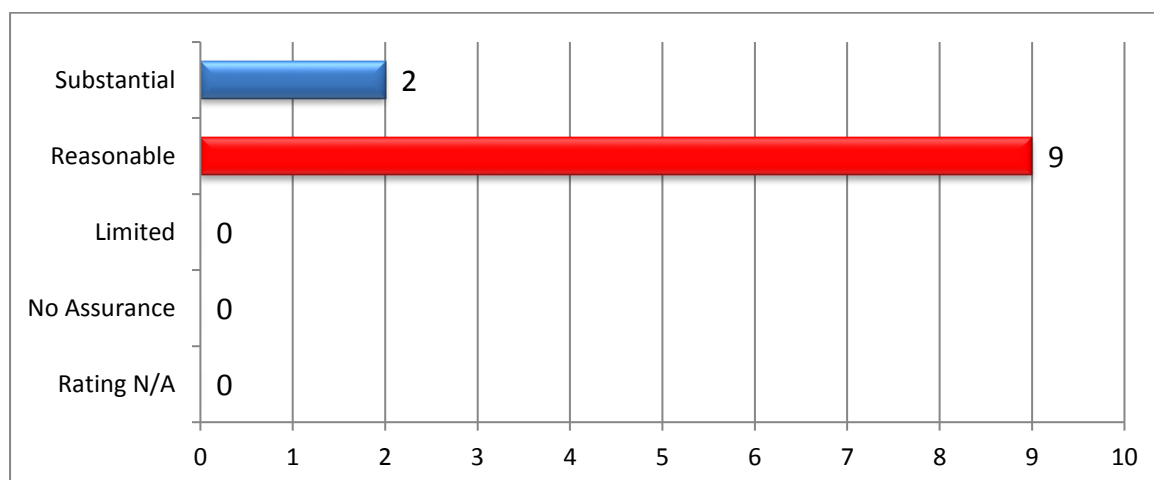
5. RISK BASED AUDIT ASSIGNMENTS

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) (draft)	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

April 2020

ATTRIBUTE STANDARDS:	
1000 Purpose, authority and responsibility	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.
1100 Independence and objectivity	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.
1200 Proficiency and due professional care	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.
1300 Quality assurance and improvement programme	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.
PERFORMANCE STANDARDS:	
2000 Managing the Internal Audit activity	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>
2100 Nature of work	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.
2200 Engagement planning	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.
23000 Performing the engagement	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
2400 Communicating results	<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>
2500 Monitoring progress	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

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

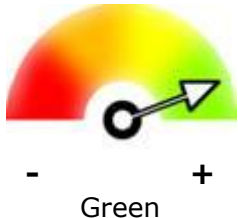
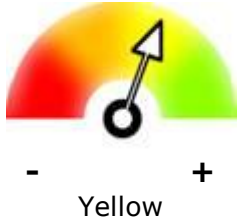
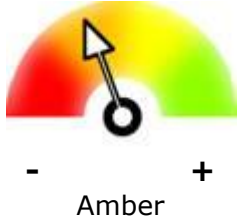
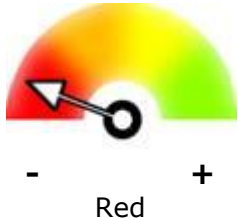
Reports not yet finalised but have been issued in draft.

PERFORMANCE INDICATORS as at 29 April 2020

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2019/20	G	March 2019	N/A	Not agreed	Draft plan	Final plan
Total assignments reported against plan for 2019/20 [Draft and Final]	G	100%	90%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	100%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	G	88%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	G	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 substantial assurance 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 low impact on residual risk exposure.
Reasonable assurance		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.
Limited assurance		The Board can take limited assurance 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 moderate impact on residual risk exposure until resolved.
No assurance		The Board has no assurance 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 high impact on residual risk 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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Information Governance: General Data Protection Regulation (GDPR)

Internal Audit Report

HEIW 2019/20

April 2020

NHS Wales Shared Services Partnership

Audit and Assurance Services



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Review reference:	HEIW-1920-09b
Report status:	Internal Audit Report
Fieldwork commencement:	23 January 2020
Fieldwork completion:	20 February 2020
Draft report issued:	26 February 2020
Management response received:	29 April 2020
Final report issued:	30 April 2020
Auditor:	Martyn Lewis – IT Audit Manager
Executive sign off:	Dafydd Bebb, Board Secretary
Distribution:	Tim Knifton, Information Governance Officer
Committee:	Audit and Assurance Committee



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

ACKNOWLEDGEMENT

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Disclaimer notice - Please note:

This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared, in accordance with the Internal Audit Charter and the Annual Plan, approved by the Audit and Assurance Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Health Education and Improvement Wales, no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

1. Introduction and Background

In line with the 2019/20 Internal Audit Plan for Health Education and Improvement Wales ('HEIW' or 'the organisation') a review of the arrangements in place to ensure compliance with the General Data Protection Regulation (GDPR) was undertaken.

The General Data Protection Regulation (GDPR) was adopted on 27 April 2016. It took effect from 25 May 2018 and was immediately enforceable as law in all member states of the European Union (EU). GDPR continues to be enforceable during the Brexit transition period and after that the same requirements will likely apply under UK GDPR.

The primary objectives of the new legal framework are to institute citizens' rights in controlling their personal data and to simplify the regulatory environment through a unified regulation within the EU. Many principles of the GDPR are broadly the same as the existing Data Protection Act (DPA). One of the most significant changes is the increased penalties. Under the new regulations, penalties will reach an upper limit of €20m or 4% of annual turnover, whichever is higher.

The relevant lead for the review is the Board Secretary.

2. Scope and Objectives

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.

The review sought to provide assurance to the organisation's Audit and Assurance Committee that risks material to the achievement of the system's objectives are managed appropriately.

The areas that the review sought to provide assurance on were:

- appropriate action is being taken to ensure that management and staff are aware of the GDPR and the impact it is likely to have;
- local governance controls and measures have been implemented to enable compliance with the GDPR; and
- a register of information assets is maintained and identifies the source, responsibility and sharing arrangements for each asset.

3. Associated Risks

The potential risk considered in the review were as follows:


- controls not operating, resulting in non-compliance with GDPR.

OPINION AND KEY FINDINGS

4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with GDPR is Reasonable Assurance.

RATING	INDICATOR	DEFINITION
Reasonable assurance		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.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

HEIW is a relatively new organisation and as such processes are still being developed. There is an Information Governance (IG) manager in place and an action plan to enable compliance with GDPR has been produced, with a targeted completion date for actions of March 2020, and this is aligned to the Information Commissioner's Office (ICO) 12 step programme. The organisation has made good progress against this programme.

The Audit and Assurance Committee oversees information governance, and it regularly receives IG reports, which includes GDPR related matters.

Guidance and relevant policies have been produced and made available on the HEIW intranet and training, both in the form of the e-learning module and face to face, is available. However, we note that 'take up' of the training is low, and compliance with the e-learning module currently stands at 54%.

This may impact on staff knowledge and adherence to processes, especially for staff not based within the headquarters building.

We note that the activity is largely concentrated with the Information Governance Manager and relies on 'pushing information out'. There is no operational network for the dissemination of information and linking into departments, as there are no identified IG leads or stewards.

We note that HEIW has started work developing an information asset register (IAR), but this is incomplete. Not all assets have been identified, and the flows and the basis for processing information have not been fully defined.

5. Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

Assurance Summary					
1	Action to raise GDPR awareness			✓	
2	Local controls and measures		✓		
3	Register of information assets		✓		

* The above ratings are not necessarily given equal weighting when generating the audit opinion.

Design of Systems/Controls

The findings from the review have highlighted one issue that is classified as a weakness in the system control/design for GDPR.

Operation of System/Controls

The findings from the review have highlighted four issue that are classified as a weaknesses in the operation of the designed system/control for GDPR.

6. Summary of Audit Findings

In this section, we highlight areas of good practice that we identified during our review. We also summarise the findings made during our audit fieldwork. The detailed findings are reported in the Management Action Plan (Appendix A).

Objective 1: Appropriate action is being taken to ensure that management and staff are aware of the GDPR and the impact it is likely to have.

We note the following areas of good practice:

- there is a dedicated information governance resource in place, with recruitment to a permanent post underway;
- an action plan is in place to drive GDPR compliance which is based on the ICO 12 step programme;
- there are privacy policies in place;
- a Privacy Impact Assessment (PIA) process has been established to ensure that new or revised processes adequately protect personal information;
- training is available and the information governance manager has given two sessions at the headquarters site;
- the information governance e-learning module is available for all staff;
- guidance on information governance and GDPR has been produced and is available for staff on the intranet;
- there is committee level oversight of IG and GDPR, with the Audit and Assurance Committee being the lead Committee;
- quarterly reports on information governance are provided to the Audit and Assurance Committee;
- information governance related risks are identified in a risk register; and
- there is an IT governance group in place with a role to improve governance which includes GDPR / Information Governance.

We identified the following finding:

- the take up of training, both the face to face provision and the e-learning module is low. The uptake for the classroom based training is approximately 13% of staff, with all those trained being based within the headquarters building, and the e-learning compliance is 54% overall. In particular, the compliance rate for medical and dental staff is very low at 25%.

Objective 2: Local governance controls and measures have been implemented to enable compliance with the GDPR.

We note the following areas of good practice:

- there is a breach reporting protocol in place;
- there is a process for dealing with subject access requests (SAR); and
- some evidence of managers raising awareness with staff.

We identified the following finding:

- there are no defined IG leads or stewards within departments, and no organisation wide structure for enabling compliance with GDPR, and coordinating actions across all departments.

Objective 3: A register of information assets (IAR) is maintained and identifies the source, responsibility and sharing arrangements for each asset.

We note the following area of good practice:

- work on the IAR has started, with the main IT systems recorded, along with an analysis of SharePoint documentation.

We identified the following finding:

- Work developing an IAR is ongoing, but it is not complete and not all departments are currently feeding into the process. As such, HEIW does not have a full record of what information it holds, where and how it is held, the flows of the information, and the legal basis for processing the information.

7. Summary of Recommendations

The audit findings and recommendations are detailed in Appendix A together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Number of recommendations	1	2	2	5

Finding 1 – Information Asset Register (IAR) (Operating effectiveness)	Risk
<p>Work to develop the IAR is ongoing, with the Information Governance Manager having created the framework and included the main IT systems and documents within Sharepoint. However, this is not complete, and not all departments are currently feeding into the process. As such, HEIW does not have a full record of:</p> <ul style="list-style-type: none"> • what information it holds, where it is held, and how it is held; • the flows of the information in and out of the organisation; and • the legal basis for processing the information. <p>This leads to a risk on non-compliance with GDPR, and this is exacerbated, as HEIW is a young organisation that brought in information from its precursor bodies. Some of this information may be past its statutory retention period and as such may be held inappropriately.</p>	<p>Controls not operating resulting in non-compliance with GDPR.</p>
Recommendation	Priority level
<p>All departments should complete their IAR and identify all records held, both electronic and paper. This process should ensure that:</p> <ul style="list-style-type: none"> • the basis for processing is also established; • information flows are identified; • retention periods are clarified; and • records that are outside the retention period are securely disposed. 	<p>High</p>

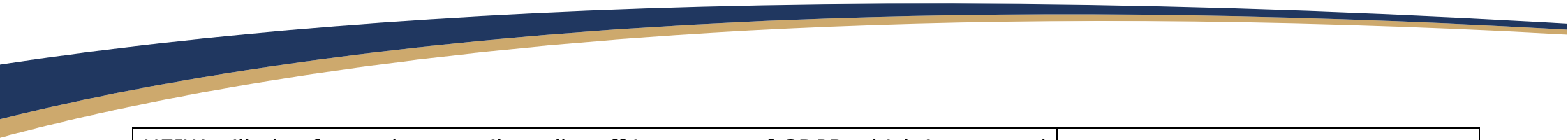
Management Response	Responsible Officer/ Deadline
<p>A revised approach to the Information Asset collection process was discussed and finally approved.</p> <p>On 18 February 2020, an email was sent to all members of staff within HEIW (regardless of location). This email was sent to request a response from individual staff to confirm whether there was any use, retention, viewing or handling of personal information. From this, over 150 members of staff have outlined their use of identifiable data and inter-departmental discussions have been made regarding the combined completion of Information Asset Registers (this is due to the number of staff all using the same data in a specific department and to prevent duplication of effort).</p> <p>To date, over 10 returns have been provided and several more are expected in the coming months. The Information Governance Manager has also met with several departments to discuss this work. Progress has recently been slowed by the impact of the COVID-19 crisis.</p>	<p>Board Secretary</p> <p>Q2 2020-21</p>

Finding 2 – Training (Operating effectiveness)	Risk
<p>The take up of training, both for the mandated e-learning module and the face-to-face provision is low. The e-learning compliance is 54% overall (against the Welsh Government target of 85%), in particular the compliance rate for medical and dental staff is very low at 25%. The uptake for the classroom based training which provides more detailed information is approximately 13% of staff, with all those trained being based within the headquarters building.</p> <p>Without staff undergoing the training HEIW cannot be assured that all staff are aware of the requirements of GDPR and their responsibilities. This is exacerbated by the fact that offsite staff may not have access to the same facilities to enable compliance as those staff in headquarters.</p>	Controls not operating resulting in non-compliance with GDPR.
Recommendation	Priority level
HEIW should ensure that all staff complete the e-learning module, and encourage staff to attend the face-to-face training.	Medium
Management Response	Responsible Officer/ Deadline
HEIW is currently focussed on increasing its e-learning compliance rates for all mandatory subject matter areas within ESR. It is anticipated that the compliance rates for e-learning in respect of GDPR will significantly increase as a part of this overall campaign.	Individual departmental directors/ line managers

HEIW will seek to reintroduce face to face learning when it is safe to do so.	[Director of Workforce and Organisational Development] July 2020 /Ongoing Board Secretary
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Finding 3 – Co-ordination (Control Design)	Risk
<p>There are no defined IG leads or stewards within departments and no organisation wide structure for enabling compliance with GDPR, and co-ordinating actions across departments.</p> <p>Without a network of leads there is a risk that information may not be disseminated to all staff and that key actions needed to comply with GDPR are not completed.</p>	Controls not operating resulting in non-compliance with GDPR.
Recommendation	Priority level
IG leads should be defined within departments and an IG network established to ensure that information is disseminated, and any required actions are completed.	Medium
Management Response	Responsible Officer/ Deadline
<p>There is now an established Information Governance and Information Management Group (IGIM) and this has draft Terms of Reference and representation from applicable departments on its attendance register.</p> <p>The approval of the draft terms of reference for the IGIM by the Audit and Assurance Committee have been postponed as a result of the current crisis and we currently anticipate their approval at the meeting of the Audit and Assurance Committee in July.</p>	Board Secretary / Completed

Finding 4 – Awareness (Operating effectiveness)	Risk
<p>Although there is a dedicated intranet page with guidance for information governance, not all departments / managers are highlighting this or actively 'pushing' information to staff to raise awareness of GDPR, and there is no discussion of the issues. This is exacerbated by the low take up of training, and the fact that some staff are home based, which means that there is limited visibility of local IG processes and so limited assurance that all staff are aware of, and complying with, GDPR requirements.</p>	<p>Controls not operating resulting in non-compliance with GDPR.</p>
Recommendation	Priority level
<p>Departmental managers should actively raise awareness of GDPR within their teams by:</p> <ul style="list-style-type: none"> • including GDPR in team meetings; and • disseminating information via email groups. <p>This should especially be the case for staff not based in the headquarters building / home based staff.</p>	<p>Low</p>
Management Response	Responsible Officer/ Deadline
<p>HEIW will forward an email to managers highlighting the importance of GDPR, the guidance that is available to staff in respect of GDPR and requesting that managers disseminate this information at team meetings.</p>	<p>Board Secretary / June 2020</p>



HEIW will also forward an email to all staff in respect of GDPR which is targeted to working from home.	
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Finding 5 – Privacy Impact Assessment (PIA) (Operating effectiveness)	
Although there is a PIA process in place, this is not embedded within the organisation, with staff not fully aware of its existence or requirements. This may mean the new processes are put in place that do not handle personal information appropriately.	Risk Controls not operating resulting in non-compliance with GDPR.
Recommendation	Priority level
To raise awareness, an information bulletin regarding the PIA process should be issued.	Low
Management Response	Responsible Officer/ Deadline
The Information Governance Manager will disseminate an information bulletin regarding the PIA process to all staff.	Board Secretary / June 2020

Appendix B - Assurance opinion and action plan risk rating

Audit Assurance Ratings



Substantial assurance - The Board can take **substantial assurance** 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 **low impact on residual risk** exposure.



Reasonable assurance - 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.



Limited assurance - The Board can take **limited assurance** 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 **moderate impact on residual risk** exposure until resolved.



No assurance - The Board can take **no assurance** 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 **high impact on residual risk** exposure until resolved.

Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

* Unless a more appropriate timescale is identified/agreed at the assignment.

IT Review

Final Internal Audit Report

HEIW 2019/20

April 2020

NHS Wales Shared Services Partnership

Audit and Assurance Services



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Appendix A	Management Action Plan
Appendix B	Assurance opinion and action plan risk rating
Review reference:	HEIW-1920-08
Report status:	Final Internal Audit Report
Fieldwork commencement:	4 March 2020
Fieldwork completion:	24 March 2020
Draft report issued:	2 April 2020
Management response received:	3 April 2020
Final report issued:	6 April 2020
Auditor:	Martyn Lewis – IT Audit Manager
Executive sign off:	Julie Rogers – Deputy CEO
Distribution:	Chris Payne, Deputy Director Planning, Performance & Digital
Committee:	Audit and Assurance Committee



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

ACKNOWLEDGEMENT

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Disclaimer notice - Please note:

This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared, in accordance with the Internal Audit Charter and the Annual Plan, approved by the Audit and Assurance Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Health Education and Improvement Wales, no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

1. Introduction and Background

In line with the 2019/20 Internal Audit Plan for Health Education and Improvement Wales ('HEIW' or 'the organisation') a review of the management and control of Information Governance (IG) and Information Communications Technology (ICT) was undertaken.

In May 2019, we reported our baseline assessment of the organisation observations in relation to HEIW's information governance, ICT and security arrangements. This review follows up from our previous baseline review to ensure that key developments have been implemented.

HEIW was established as the first Special Health Authority on 1 October 2018 and brought together three key organisations for health: the Wales Deanery; NHS Wales's Workforce Education and Development Services (WEDS); and the Wales Centre for Pharmacy Professional Education (WCPPE). Currently the IT systems used by HEIW remain hosted with the predecessor organisations e.g. the matching system remains hosted by the University.

The relevant lead for the review is the Deputy CEO.

2. Scope and Objectives

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.

The review will seek to provide assurance to the organisations Audit Committee that risks material to the achievement of the system's objectives are managed appropriately.

The areas that the review seeks to provide assurance on are:

- an appropriate IM&T governance structure has been established, and policies and procedures are in place;
- an appropriate ICT strategy is in development and the associated resource need identified;
- ICT related risks are identified, recorded and appropriately managed; and
- appropriate IT continuity and disaster recovery (DR) processes are in place.

3. Associated Risks

The potential risks considered in the review were as follows:


- loss of ICT services;
- inappropriate access to systems and data; and
- ICT provision is not suited to organisational need.

OPINION AND KEY FINDINGS

4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with the management of IM&T is reasonable assurance.

RATING	INDICATOR	DEFINITION
Reasonable assurance		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.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

HEIW is a relatively new organisation, and the governance and management processes are still developing. We consider that the current position is not unreasonable given the length of time that the organisation has existed and the complexity of the tasks needing to be implemented.

Since our baseline assessment the governance structure for IM&T has been developed. There is a defined overseeing committee (Audit & Assurance Committee), a named Executive lead (Deputy CEO), and a nominated Senior Information Risk Officer (SIRO), the Board Secretary. The requirement for a Director of Digital has been identified and work on recruiting to this post is underway. We understand that management are

reviewing policies and procedures, with key ones, adopted from other appropriate organisations, available on the website. We note that developing guidance is a work in progress, with some key policies not yet in place.

The work and objectives of the Digital Team is driven by the IMTP, which contains specific objectives relating to IT. However, there is no 'Digital' strategy that sets out how HEIW wants to use technology to deliver the organisation's objectives. Work on a strategy has started but it is not complete due to key staff leaving. It is currently paused to enable input from the new Director of Digital.

The level of resource for ICT has improved from the start position with additional staff provided and work is ongoing to develop an appropriate Digital Team structure.



The Digital Team hold a risk register for the management of IM&T risks and we note that these are identified appropriately with an escalation route for the most significant risks to be included on the corporate risk register.

The network architecture is resilient and set up to provide continuity of service and failover has been tested for the University hosted services. Within the HQ building, the server room is physically secure and has recently had air conditioning fitted. However, we note that there are pipes running above the server racks and the racks themselves are on the floor, which creates a risk of water damage. There is a draft disaster recovery plan in place, which considers recovery time and point objectives (RTO / RPO) and the need for business impact assessments (BIA). This is in draft and is still work in progress with some items not yet complete.

Overall, we consider that the level of assurance is reasonable, as although the processes are being developed appropriately, until the ongoing work is complete the organisation will not have a fully operational structure of the management of IM&T.

5. Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

Assurance Summary					
1	Governance Framework			✓	
2	ICT Strategy			✓	
3	ICT Risk Management			✓	
4	IT Continuity			✓	

* The above ratings are not necessarily given equal weighting when generating the audit opinion.

Design of Systems/Controls

The findings from the review have highlighted no issues that are classified as weaknesses in the system control/design for IM&T.

Operation of System/Controls

The findings from the review have highlighted four issue that are classified as a weakness in the operation of the designed system/control for IM&T.

6. Summary of Audit Findings

In this section, we highlight areas of good practice that we identified during our review. We also summarise the findings made during our audit fieldwork. The detailed findings are reported in the Management Action Plan (Appendix A).

Objective 1: An appropriate IM&T governance structure has been established, and policies and procedures are in place.

We note the following areas of good practice:

- HEIW have identified the need for a Director of Digital role and are currently seeking to fill this;
- there is an executive lead for IT, currently it is the Deputy CEO;
- there is a defined SIRO, this being the Board Secretary;
- the Audit and Assurance committee is the governing committee for ICT;
- work on ensuring that there are appropriate policies and procedures in place is ongoing with some of these formally adopted, and some being developed; and
- ICT policies and procedures are available for staff on the intranet and are also on the internet.

We identified the following finding:

- Work on policies and procedures is ongoing utilising a 50-point plan. We read the current available documents and note:
 - some guidance documents are missing that should be defined. For example, an IT security policy and guidance, mobile computing, and bring your own device (BYOD);
 - the organisation's software policy is not on the website; and
 - the 'Acceptable Use of IT' policy is the NWSSP document, not HEIW.

Objective 2: an appropriate ICT strategy is in development and the associated resource need identified.

We note the following areas of good practice:

- the HEIW IMTP contains key objectives for ICT, and this is the current basis for the team's work;
- additional resource has been provided for ICT in order to support the organisation, with three additional posts created; and
- there is a Service Level Agreement in place with NWIS to provide desktop and network support.

We identified the following finding:

- Work on an ICT / Digital strategy has started, but due to staff leaving this has paused. Accordingly, there is no detail over how HEIW intends to use new technologies or a roadmap for development. Without this in place, there is a risk that the organisation will make decisions by default that may not suit the long-term objectives.

Objective 3: ICT related risks are identified, recorded and appropriately managed.

We note the following areas of good practice:

- there is a digital team risk register, with risks identified and actions defined against them;
- the digital risk register is a live document, with new risks added as appropriate; and
- there is an escalation route for digital risks, with the significant risks passing up to the corporate risk register.

We did not identify any findings under this objective.

Objective 4: appropriate IT continuity and disaster recovery processes are in place.

We note the following areas of good practice:

- the onsite server room has air conditioning and is physically secure;
- the server architecture is resilient and uses virtualisation to allow for better business continuity;
- an HEIW IT DR plan has been drafted;
- the DR plan notes the need for a BIA, notes the definition of RTO / RPO on a system basis, includes testing / validation for recovery stage and includes a contact list; and
- resilience / failover has been tested for the University provided services.

We identified the following findings:

- The server room in HQ has pipes (heating) running overhead. While these are insulated, and the recent addition of air conditioning now means that condensation dripping has stopped, there is still a remaining risk of leakage draining onto the server racks. In addition, the server racks are on the floor, and were close to being flooded during the recent bad weather.

- We note that work on a disaster recovery plan is ongoing and a draft is in place, but some of the key items within the draft plan are not yet complete. These are:
 - the BIAs are not fully completed / detailed; and
 - the section for back-up and recovery processes is not fully complete.

7. Summary of Recommendations

The audit findings and recommendations are detailed in Appendix A together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Number of recommendations	0	3	1	4

Finding -1 – Server room (Operating effectiveness)	Risk
<p>The server room in HQ has pipes (heating) running overhead. Although these are insulated and the recent addition of air conditioning now means that condensation dripping has stopped, there is still a remaining risk of leakage draining onto the server racks.</p> <p>In addition, the server racks are on the floor, and were close to being flooded during the recent bad weather.</p>	Loss of ICT services
Recommendation	Priority level
The server racks should be raised from the floor and a protective cover installed to channel any leaks away.	Medium
Management Response	Responsible Officer/ Deadline
<p>Following the risk of flooding being identified, HEIW is investigating with NWIS the feasibility of repositioning the server units.</p> <p>A protective cover solution to mitigate the impact of leakages and condensation will be investigated and costed with our contractors.</p>	<p>Facilities Manager/ Manager/Deputy Director</p> <p>IT</p> <p>End July 2020</p>

Finding -2 – Digital Strategy (Operating effectiveness)	Risk
<p>Work on an ICT / Digital strategy has started, but due to staff leaving this has paused. Accordingly, there is no detail over how HEIW intends to use new technologies or a roadmap for development. Without this in place, there is a risk that the organisation will make decisions by default that may not suit the long-term objectives.</p>	<p>ICT provision is not suited to organisational need.</p>
Recommendation	Priority level
<p>Work on developing a digital strategy should re-commence as soon as the Director of Digital is in place.</p> <p>In the interim, the organisation should not commit to any long-term (permanent) technology use.</p>	<p>Medium</p>
Management Response	Responsible Officer/ Deadline
<p>This is agreed. Plans are in place to recruit to Director of Digital, which may be impacted as a result of COVID-19.</p>	<p>Deputy Director Sept 20</p>

Finding 3 – Policies and procedures (Operating effectiveness)	Risk
<p>Work on policies and procedures is ongoing utilising a 50-point plan. We read the current available documents and note:</p> <ul style="list-style-type: none"> • some guidance documents are missing that should be defined. For example, an IT security policy and guidance, mobile computing, and bring your own device (BYOD); • the organisation's software policy is not on the website; and • the 'Acceptable Use of IT' policy is the NWSSP document, not HEIW. 	Inappropriate access to systems and data
Recommendation	Priority level
Work on guidance should be completed, with the noted guidance documents provided.	Medium
Management Response	Responsible Officer/ Deadline
We acknowledge the gaps in documentation and will work to develop HEIW policies and procedures for Executive approval.	Digital Manager/IT Manager July 2020

Finding 4 – Disaster Recovery plan (Operating effectiveness)	Risk
<p>We note that work on a disaster recovery plan is ongoing and a draft is in place, but some of the key items within the draft plan are not yet complete. These are:</p> <ul style="list-style-type: none"> • the BIAs are not fully completed / detailed; and • the section for back-up and recovery processes is not fully complete. 	Loss of ICT services
Recommendation	Priority level
Work should continue to complete the DR plan.	Low
Management Response	Responsible Officer/ Deadline
<p>This is acknowledged. This work will be progressed further following appointment of Cyber Security Lead (offer made) and allowing for recovery after the impact of COVID-19.</p>	<p>Digital Manager/Head of Cyber/IT Manager September 2020</p>

Appendix B - Assurance opinion and action plan risk rating

Audit Assurance Ratings



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Prioritisation of Recommendations

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Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

* Unless a more appropriate timescale is identified/agreed at the assignment.



GIG
CYMRU
NHS
WALES

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

Meeting Date	6 May 2020	Agenda Item	2.3
Report Title	HEIW Procurement Compliance Annual Report		
Report Author	Helen James, Head of Procurement, NWSSP		
Report Sponsor	Eifion Williams, Interim Director of Finance		
Presented by	Eifion Williams, Interim Director of Finance		
Freedom of Information	Open		
Purpose of the Report	The purpose of this report is to provide the Audit & Assurance Committee with an update in relation to procurement activity undertaken during the period 1 st April 2019 – 31 st March 2020 and in accordance with reference 1.2 (Schedule 2.1.2 Procurement and Contracts Code for Building and Engineering Works) of the Standing Financial Instructions.		
Key Issues	An explanation of the reasons, circumstances and details of any further action taken is also included in the appendices to the report.		
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance
			✓
Recommendations	Members are asked to: <ul style="list-style-type: none"> • Note the report for assurance 		

HEIW PROCUREMENT COMPLIANCE REPORT

1. INTRODUCTION

It is a requirement of HEIW's Standing Financial Instructions that all requests for Single Quotation Actions (SQA), Single Tender Actions (STA), Single Tenders for consideration following a call for an OJEU Competition, Contract Extensions and the Award of additional funding outside the terms of the contract (executed via Contract Change Note (CCN) or Variation of Terms), be reported to the Audit and Assurance Committee.

2. BACKGROUND

The purpose of this report is to provide the Audit Committee with an update in relation to procurement activity undertaken during the period 1st April 2019 – 31st March 2020 and in accordance with reference 1.2 (Schedule 2.1.2 Procurement and Contracts Code for Building and Engineering Works) of the Standing Financial Instructions.

An explanation of the reasons, circumstances and details of any further action taken is also included.

SFI Reference	Description	Items
3.5	Single Quotation Actions	3
4.2	Single Tender Actions	8
5.3	Single Tenders for consideration following a call for an OJEU Competition	0
10.8	Contract Extensions	3
14.2	Award of additional funding outside the terms of the contract (executed via Contract Change Note (CCN) or Variation of Terms)	8

3. GOVERNANCE AND FINANCIAL IMPLICATIONS

The Audit & Assurance Committee should note the detail of the attached Appendices and monitor the number and value of business that is being submitted for a Single Tender or Single Quotation approval. The overarching guidelines on spending of public money are that it should be carried out in a fair, transparent and open manner, ensuring that competition is sought wherever possible. Therefore, the number of single action requests should be kept to a minimum.

A number of retrospective Single Quotation and Tender Action requests were received by Procurement, whereby providers had already delivered the goods or services. Upon review, Procurement concluded that the reasons outlined in the SQA/STA Forms were not robust with little justification to proceed on that basis. Consequently, as a competitive process, by way of inviting quotations or tenders, could have been followed, a File Note for each request was produced, recording the approach was 'Not Endorsed' by Procurement. In mitigation, arrangements have been put in place to deliver Procurement training to HEIW staff, to emphasise

the governance and compliance requirements for the acquisition of goods and services outlined in Standing Orders and Standing Financial Instructions (please note – the impact of the COVID-19 pandemic has resulted in the training sessions being suspended but will recommence once normal working is resumed). The objectives of the sessions are to raise awareness of the procurement processes to be followed, reduce the instances of non-compliance and encourage increased engagement and communication with the Procurement Team.

4. RECOMMENDATION

The Committee is asked to:

- **note** the report for assurance.

Governance and Assurance			
Link to IMTP strategic aims (please ✓)	Strategic Aim 1: To lead the planning, development and wellbeing of a competent, sustainable and flexible workforce to support the delivery of 'A Healthier Wales'	Strategic Aim 2: To improve the quality and accessibility of education and training for all healthcare staff ensuring that it meets future needs	Strategic Aim 3: To work with partners to influence cultural change within NHS Wales through building compassionate and collective leadership capacity at all levels
	Strategic Aim 4: To develop the workforce to support the delivery of safety and quality	Strategic Aim 5: To be an exemplar employer and a great place to work	Strategic Aim 6: To be recognised as an excellent partner, influencer and leader
Quality, Safety and Patient Experience			
There are no specific quality and safety implications related to the activity outlined in this report.			
Financial Implications			
SFIs, SOs, Financial controls and accounting systems and processes form the basis of many organisational controls which form part of the delivery of financial targets and good governance. The overarching guidelines on spending of public money are that it should be carried out in a fair, transparent and open manner, ensuring that competition is sought wherever possible. Therefore, the number of single action requests should be kept to a minimum.			
Legal Implications (including equality and diversity assessment)			
There are no specific legal implications related to the activity outlined in this report.			
Staffing Implications			
There are no specific staffing implications related to the activity outlined in this report.			
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)			
Not applicable to this report			
Report History			
Appendices			
Appendix 1 Summary Information Appendix 2 Further Matters			

Health Education Improvement Wales - Audit Committee Report – April 2020

Appendix 1 – Summary Information

Trust	Division	Procurement Ref No	Period of Agreement/Delivery Date	SFI Reference	Agreement Title/Description	Supplier	Anticipated Agreement Value (ex VAT)	Reason/Circumstance and Issue	Compliance Comment	Procurement Action Required	First Submission or repeat
HEIW	Dental	HEIW-STA-40945	February 2019 – January 2020	Single Tender Action	Kavo teeth for phantom heads for clinical training	KavorKerr	£6,935.04	Sole supplier of OEM solution.	Endorsed	Procurement to review to see if items to be added to oracle catalogue	First Submission
HEIW	People Team	HEWI-STA-41718	May – September 2019	Single Tender Action	Pensions Advice	Lighthouse Group Plc	£32,400	Two failed procurement attempts, identified as the only supplier willing to complete the work within the proposed timescale.	Endorsed	No further action needed. 1 off spend to support transition of staff from Cardiff University to HEIW.	First Submission
HEIW	Facilities	HEIW-STA-475	May 2019 – May 2020	Single Tender Action	Provision of HVAC to HEIW	Cool Solutions	£39,952.43	Provider competed initial installation, required for continuity of services.	Endorsed	Added to procurement plan to complete the maintenance renewal requirement when it is due.	First submission.

HEIW	Digital	HEIW-STA-41589	June 2019 – March 2021 (x2 12 month extension options)	Single Tender Action	Junior Doctor Training System	Interpaid	£522,840	Sole supplier of OEM Solution	Endorsed	Contract in place for 5 years. Renewal to be undertaken in 2024.	First Submission
HEIW	Work Force and OD	HEWI-SQA-472	July 2019 – March 2020	Single Tender Action	Behavioural Science Training	Kate-Malcomes Consultancy	£40,000	Supplier delivered module 1 & 2 as part of Cardiff University, modules 3 & 4 required from this supplier for continuity of services.	Endorsed	Added to the procurement plan to complete new requirement for 2020 contract start date	First submission
HEIW	Work Force and OD	HEIW-STA-483	October 2019	Single Tender Action	Prospectus Events	Optimus Education	£21,445.00	Sole Provider	Endorsed	Procurement to review with service if this requirement will be brought inhouse in future	First Submission.
HEIW	Pharmacy	HEIW-STA-41586	1st January 2020- 31st December 2021	Single Tender Action	Pharmacy Pre-registration Technician Training	Buttercups Training Ltd.	£390,000 ex VAT	Only training provider able to deliver the training to meet the needs of the service.	Endorsed	Procurement to undertake review with service in July 2020 to see if this is going to be brought in-house.	First Submission

HEIW	Dental	HEIW-STA-40225	March 2020	Single Tender Action	Intrepid	HiCOM	£47,180	Increase number of administrative and non-administrative licences required additional fields to support ongoing data repository requirements.	Endorsed	No further action apart from supporting regular contractual review.	First Submission
HEIW	Workforce & OD	HEIW-STA-510	March - September 2020	Single Tender Action	Medical Engagement Scale Survey	Engage to Perform	£82,000	IP is owned by the supplier and have not licenced used of equipment to other suppliers.	Endorsed	No further action, Service informed that this is the last year for this requirement.	First Submission
HEIW	Digital	HEIW-SQA-514	October 2019 – October 2020	Single Quotation Action	Digital Leadership Portal	CDSM Interactive Solutions Ltd	£12,650	One off development costs to existing software	Endorsed		First Submission
HEIW	Work Force and OD	HEIW-SQA-477	October 2019 – January 2022	Single Quotation Action	MA in Communications	Swansea University	£7,572.72	Only university that covered the appropriate module on a part time course.	Endorsed	No further action required.	First Submission.

HEIW	Medical Directorate	HEIW-SQA-511	March – June 2020	Single Quotation Action	Clinical Pharmacy Congress (largest gathering for Clinical Pharmacy profession)	Closterstill Media Ltd	£8,985.60	Only event of its kind that provides opportunity to speak with pharmacy professionals.	Endorsed	Procurement to set up meeting with Service to discuss future requirement in July following event to confirm if it is an ongoing requirement.	First Submission
HEIW	Digital	CU228 (Extension)	March 2019	Contract Extension	Server Hosting	IOMART	£14,400	Extended to allow continuity of service.	Endorsed .	Procurement to complete contract renewal requirement March 2020.	First Submission
HEIW	Professional Support Unit	CU215 (Extension)	March 2019	Contract Extension	Consultancy Pyschiatry Agreement	Hammett Street Consultants	£246,000	Extended to allow continuity of service.	Endorsed .	Procurement to complete new contract requirements as Open OJEU.	First Submission.
HEIW	Dental	ECM-113316	February 2020 – January 2021	Contract Extension	Software Development Contract	Maxinity Software Ltd	£15,000 ex VAT	Extended to allow continuity of service.	Endorsed .	Procurement to undertake review with service in July 2020 to see if this is still required.	First Submission.
HEIW	Digital	HEIW-CCN-017	January 2019	Change Control Note	Audio Visual Equipment	Comcen	£30,178	Extension to warranty on existing hardware	Endorsed	Procurement to ensure additional scope is captured in the renewal	First Submission

HEIW	Digital	HEIW-CCN-018	January 2019	Change Control Note	Telephony Contract	Mitel	£5,613.60	Purchase of 50 additional phone licences.	Endorsed	Procurement to ensure renewal captures appropriate number of licences.	First Submission
HEIW	Digital	HEIW-CCN-019	February 2019	Change Control Note	Multi-Functional Device Contract	Altodigital	£7,669.80	2 units changed to higher specification machine	Endorsed	Procurement to ensure additional scope is captured in the renewal.	First Submission
HEIW	Dental	HEIW-CCN-020	June 2019	Change Control Note	Dental Speaker Agreement	Lubas Medical Ltd	£2,000	Additional practises added to the agreement.	Endorsed	Procurement to ensure additional scope is captured in the renewal	First Submission
HEIW	Career Development	HEIW-CCN-016	October 2019	Change Control Note	Purchase of assessment qualifications and general development services	Argoed Cymru	£45,000	Extensions for another 6 months to progress qualifications.	Endorsed	Procurement to ensure additional scope is captured in the renewal.	First Submission.
HIEW	Digital	HEIW-CCN-021	October 2019	Change Control Note	Server Hosting	IOMART	£1,975	Additional server for hosting needed.	Endorsed	Procurement to ensure additional scope is captured in renewal.	First Submission.

HEIW	Dental	HEIW-CCN-022	October 2019	Change Control Note	Dental Speaker Agreement	Lubas Medical Ltd	£2,000	Additional practices added to the agreement	Endorsed	Procurement to ensure additional scope is captured in the renewal.	First Submission.
HEIW	Digital	HEIW-CCN-024	March 2020	Change Control Note	Server Hosting	IOMART	£47,180	Licenses increased.		Procurement to record as ECM and ensure additional scope is captured in renewal.	Second Submission. First submission is CCN-021

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Appendix 2 – Summary Further Matters

Trust	Division	Procurement Ref No	Period	SFI Reference	Agreement Title/Description	Supplier	Anticipated Agreement Value (ex VAT)	Reason/Circumstance and Issue	Compliance Comment	Procurement Action Required	First Submission or repeat
HEIW	Finance	HEIW-FN-022	January 2019	File Note	Managed Travel Agreement	Clarity Travel	£28,000	Contract from Cardiff University was not novated, file note to cover travel spend for an interim period until new competition has been held.	Not Endorsed	Procurement to work with service to develop travel agreement	First Submission.
HEIW	Estates	HEIW-FN-023	March 2019	File Note	Electrical Installation	Whitehead Building Services	£7,498	Additional work was undertaken outside of scope of the contract and the service were not aware that they had to follow a formal procurement process for additional work.	Not Endorsed.	Procurement to work with service to ensure any further requirements follows competition rules.	First Submission.
HEIW	Dental	HEWI-FN-026	March 2019	File Note	National Dental Foundation Training Recruitment	Health Education England (HEE)	£7,136.47	National Recruitment is held by HEE. HEE hold the event and	Not Endorsed.	Procurement to work with service to put an overarching	First Submission.

								then invoice HEIW.		agreement in place with HEE for Dental Foundation Training.	
HEIW	Secondary Care	HEIW-FN-027	April 2019	File Note	Job Advert for the British Medical Journal	BMJ	£6,841.	No other provider and service were not aware of procurement process required.	Not Endorsed.	Single tender action to be completed to cover BMJ advertising requirements for the next 4 years.	First Submission.
HEIW	Corporate	HEIW-FN-028	April 2019	File Note	Appointment of Steve Coombes as consultant for corporate governance	Steve Coombes	£6,000	Exceptional piece of work – it was not anticipated that it would exceed £5k.	Not Endorsed.	No further action required – excellent piece of work, unanticipated at the time it would exceed £5k.	First Submission.
HEIW	Finance	HEIW-FN-030A	April 2019	File Note	Agency Worker	Hays Specialist Recruitment	£14,299.66	Process was unclear at the point of procurement. The processes have been clarified and guidance issued.	Not Endorsed.	Procurement have advised finance of the appropriate processes required to obtain agency workers.	First Submission.

HEIW	Finance	HEIW-FN-030B	April 2019	File Note	Agency Worker	Randstad Solutions Ltd	£11,217.15	Process was unclear at the point of procurement. The processes have been clarified and guidance issued.	Not Endorsed.	Procurement have advised finance of the appropriate processes required to obtain agency workers.	First Submission.
HEIW	People Team	HEIW-FN-031	May 2019	File Note	MSc in Leadership and Social Care	University of South Wales (Newport Campus)	£6,003	Process was unclear at the point of procurement. The processes have been clarified and guidance issued	Not Endorsed.	Procurement scoping out managed service provider agreement for all conferencing requirements. STA in process to cover year 2 and 3.	First Submission.
HEIW	Dental	HEIW-FN-032	May 2019	File Note	Dental Speaker	Katy Newall-Jones	£7,932	Whilst waiting on additional information for an STA supplier provided services to HEIW.	Not Endorsed	Formal procurement has been undertaken for a dental speaker agreement. This will be in place for 4 years.	First Submission
HEIW	Quality Unit	HEIW-FN-033	May 2019	File Note	Conference	Liberty Stadium Swansea	£22,440	Weren't aware that procurement needed to be involved for this level of	Not Endorsed.	Procurement scoping out managed service provider	First Submission.

								spend.		agreement for all conferencing requirements.	
HEIW	Dental	HEIW-FN-034	May 2019	File Note	Dental Speaker	A to One	£14,626.92	Speakers were booked by practise administrators in September 2018 prior to HEIW forming.	Not Endorsed	Formal procurement has been undertaken for a dental speaker agreement. This will be in place for 4 years.	First Submission.
HEIW	Dental	HEIW-FN-035	June 2019	File Note	Dental Speaker	David Guppy	£8,910.04	Speakers were booked by practise administrators in September 2018 prior to HEIW forming.	Not Endorsed	Formal procurement has been undertaken for a dental speaker agreement. This will be in place for 4 years.	First Submission.
HEIW	Dental	HEIW-FN-036	June 2019	File Note	Dental Speaker	David Pitt	£14,273.05	Speakers were booked by practise administrators in September 2018 prior to HEIW forming.	Not Endorsed	Formal procurement has been undertaken for a dental speaker agreement. This will be in place for 4 years.	First Submission.
HEIW	Dental	HEIW-FN-037	June 2019	File Note	Dental Speaker	Graham Stokes	£11,233.82	Speakers were booked by practise administrators in September 2018 prior to	Not Endorsed	Formal procurement has been undertaken for a dental speaker	First Submission.

								HEIW forming.		agreement. This will be in place for 4 years.	
HEIW	Dental	HEIW-FN-038	June 2019	File Note	Dental Speaker	Mark Hill	£8,673.04	Speakers were booked by practise administrators in September 2018 prior to HEIW forming.	Not Endorsed	Formal procureme nt has been undertaken for a dental speaker agreement. This will be in place for 4 years.	First Submission.
HEIW	Dental	HEIW-FN-039	June 2019	File Note	Dental Speaker	Dr Rhodri Thomas Ltd	£6,448.98	Speakers were booked by practise administrators in September 2018 prior to HEIW forming.	Not Endorsed	Formal procureme nt has been undertaken for a dental speaker agreement. This will be in place for 4 years.	First Submission.
HEIW	Secondary Care	HEIW-FN-041	June 2019	File Note	Impact Courses	Royal College of Physicians & Surgeons of Glasgos	£12,000	Whilst administration of STA was taking place first phase of courses were delivered.	Not Endorsed	Procureme nt have added this to Milestones so will be flagged for renewal	First Submission
HEIW	Projects and Planning	HEIW-FN-042	June 2019	File Note	Leadership Strategy	Affina Organisatio n Developme nt	£18,200	NHS Wales Executives agreed collective leadership strategy and use of Affina organisation to deliver this strategy	Not Endorsed	Procureme nt have advised service no engagemen t and commitmen t to should be made to a supplier	First Submission

								across NHS Wales		without following the appropriate procurement processes. Additionally this should be procured on an aggregate basis as it is an AW requirement	
HEIW	Dental	HEIW-FN-044	June 2019	File Note	Dental Speaker	Glenys Bridges	£6,200	Speakers were booked by practise administrators in September 2018 prior to HEIW forming.	Not Endorsed	Formal procurement has been undertaken for a dental speaker agreement. This will be in place for 4 years.	First Submission
HEIW	Secondary Care	HEIW-FN-045	July 2019	File Note	Training in Pre-hospital Emergency Medicine	Intercollegiate Board for Training in Pre-hospital Emergency Medicine	£6,000	Due to the short timeframe in which the service were made aware of the training dates and when then need to be committed there was insufficient time to run a formal procurement	Not Endorsed	Service have been made aware that for next year's requirement the supplier needs to be contacted for dates with enough time to run the	First Submission

								process.		appropriate procurement process	
HEIW	Medical Directorate	HEIW-FN-046	July 2019	File Note	Conference of Postgraduate Medical Deans (UK)	Academy of Medical Royal Colleges	£12,600	Process was unclear at the point of procurement. The processes have been clarified and guidance issued.	Not Endorsed	Procurement have made service aware of the need to compete all requirements that exceed £5k.	First Submission
HEIW	Secondary CareM	HEIW-FN-047	July 2019	File Note	Public Health Medicine Masters Course	Cardiff University	£42,065	Process was unclear at the point of procurement. The processes have been clarified and guidance issued.	Not Endorsed	Procurement have made service aware of the need to compete all requirements that exceed £5k.	First Submission
HEIW	Medical Directorate	HEIW-FN-048	July 2019	File Note	Funding for PGC course £9,000	Swansea University	£9,000	Process was unclear at the point of procurement. The processes have been clarified and guidance issued.	Endorsed for payment only.	Procurement have made service aware of the need to compete all requirements that exceed £5k.	First Submission
HEIW	Pharmacy	HEIW-FN-049	August 2019	File Note	Registration of pharmacy technicians	City and Guilds	£7,363.20	Service thought contract had been novated when Cardiff University moved to HEIW.	Not Endorsed	Procurement meeting held with HEIW DOF to discuss number of file notes received	First Submission

										from service	
HEIW	Pharmacy	HEIW-FN-050	August 2019	File Note	Transition programme for pharmacists.	The Royal pharmaceutical Society	£12,000	Work was initiated by WCCPE whilst still in Cardiff University, there was a dispute on the contract until August 2019 which has now been resolved.	Not Endorsed	Procurement are working with service to identify if there are any other Cardiff University agreements in dispute to ensure any future activity is compliant with SFIs, PCR 2015 and EU procurement law	First Submission
HEIW	Secondary Care	HEIW-FN-051	September 2019	File Note	Eye Si Simulator – Interim Agreement	Royal College of Ophthalmologists	£38,400	It was agreed to proceed with this option, due to urgent requirement for training, procurement processes were not followed.	Not Endorsed	Procurement discussing with service option to purchase (or lease) their own equipment to provide training.	First Submission
HEIW	General Practise	HEIW-FN-052	September 2019	File Note	PG Certificate in Leadership for Healthcare Professionals	Swansea University	£20,000	Tender process wasn't followed as positions needed to be secured within	Not Endorsed	As the direction came from the executive team, procurement	First Submission

								24 hours.		nt are to gain list of executives that attended induction process.	
HEIW	Pharmacy	HEIW-FN-057	October 2019	File Note	Delivery of the national enhanced sore throat test and treat service	Emergency Gateway Care Ltd	£11,160	As there is a sole supplier for this requirement HEIW were unaware it required a formal procurement process.	Not Endorsed	Procurement are working with the service to follow a single tender action process for future requirements.	First Submission
HEIW	Pharmacy	HEIW-FN-066	12 months	File Note	Cardiff University	10 credit research module	£10,450	Service had followed previous student module registration as they did under Cardiff University to discover that contract now did not cover these students under HEIW.	Not Endorsed.	Service to confirm research module plan to enable procurement to run a competition.	First submission.
HEIW	Secondary Care	HEIW-FN-067	January 2020	File Note	BMJ Events	Round 2 speciality training advert	£6,647.81	STA received after contract commitment by Service.	Not Endorsed.	STA is progress for April onwards advertisement. Service requested to extend	Repeat submission. Previous submission in August 2020

										STA duration to cover all future potential advertising requirement t.	
HEIW	Pharmacy	HEIW-FN-061	March – December 2020	File Note.	Phase 2 Evaluation	Curemede	£10,514	Committed to Phase 2 activity when Phase 1 was contracted by Cardiff University.	Not Endorsed.	Procurement to set up meeting in May 2020 to discuss future requirement t with Service.	Second submission. First submission being for Phase 1.



GIG
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NHS
WALES

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

Meeting Date	6 May 2020	Agenda Item	2.4
Report Title	Senior Information Risk Owners (SIRO) Annual Report		
Report Author	Dafydd Bebb, Board Secretary		
Report Sponsor	Dafydd Bebb, Board Secretary		
Presented by	Dafydd Bebb, Board Secretary		
Freedom of Information	Open		
Purpose of the Report	<p>This report presents HEIW with its first annual Senior Information Risk Owners (SIRO) annual report.</p> <p>This type of report is seen nationally as good practice to inform Board members of Information Governance challenges and to satisfy regulatory requirements.</p>		
Key Issues	<p>The report seeks to demonstrate compliance with the legal and regulatory requirements relating to Information Governance including compliance with the Data Protection act 2018 and the Freedom of Information act 2010.</p> <p>The report details key achievements and objectives including:</p> <ul style="list-style-type: none"> • Internal Audit's review of Information Governance: GDPR where an assessment of reasonable assurance was attained; • Achievement of 95% compliance with Freedom of Information Requests; • Outlining steps to further strengthen HEIW's policies and procedures in respect of Information Governance and Cybersecurity. 		
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance
			✓
Recommendations	Members are asked to note the report for assurance .		

SENIOR INFORMATION RISK OWNERS (SIRO) ANNUAL REPORT

1. INTRODUCTION

This report presents HEIW with its first annual Senior Information Risk Owners (SIRO) report.

2. BACKGROUND

The SIRO report is seen nationally as good practice to inform Board members of Information Governance challenges and to satisfy regulatory requirements.

3. PROPOSAL

The SIRO report provides an overview of the Information Governance Agenda. This includes an update on the performance of HEIW in this area during 2019/20 together with an outline of plans for 2020/21.

The report also seeks to demonstrate compliance with the legal and registry requirements relating to Information Governance and covers compliance with the Data Protection act 2018 and the Freedom of Information act 2010.

4. GOVERNANCE AND RISK ISSUES

The SIRO must advocate the reduction of information risk through ensuring the effective use of resource and appropriate communication to all staff. The aim is to create a culture in which information is valued and risk in relation to information is mitigated.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications.

6. RECOMMENDATION

Members are asked to note the report for **assurance**.

Governance and Assurance			
Link to IMTP strategic aims (please ✓)	Strategic Aim 1: To lead the planning, development and wellbeing of a competent, sustainable and flexible workforce to support the delivery of 'A Healthier Wales'	Strategic Aim 2: To improve the quality and accessibility of education and training for all healthcare staff ensuring that it meets future needs	Strategic Aim 3: To work with partners to influence cultural change within NHS Wales through building compassionate and collective leadership capacity at all levels
	Strategic Aim 4: To develop the workforce to support the delivery of safety and quality	Strategic Aim 5: To be an exemplar employer and a great place to work	Strategic Aim 6: To be recognised as an excellent partner, influencer and leader
	✓	✓	
Quality, Safety and Patient Experience			
The SIRO must advocate the reduction of information risk through ensuring the effective use of resource and appropriate communication to all staff. The aim is to create a culture in which information is valued and risk in relation to information is mitigated.			
Financial Implications			
There are no direct financial implications.			
Legal Implications (including equality and diversity assessment)			
There are no direct legal applications.			
Staffing Implications			
There are no direct staff implications.			
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)			
The safe and secure use of technology and information is consistent with the aims of the Future Generations Act.			
Report History	This is the first annual HEIW SIRO report.		
Appendices	Appendix 1 – SIRO Report 2019-20		



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Cymru (AaGIC)
Health Education and
Improvement Wales (HEIW)

HEIW ANNUAL SENIOR INFORMATION RISK OWNER (SIRO) REPORT 2019/20

INTRODUCTION BY THE SENIOR INFORMATION RISK OWNER

It is a great pleasure to present HEIW's first annual report from its Senior Information Risk Owner (SIRO). The SIRO is responsible for advising the Board and the Accountable Officer about Information Risk and takes ownership of the organisation's information risk processes. The SIRO must advocate at the Board the reduction of information risk by ensuring effective use of resource and through appropriate communication to all staff. The aim is to create a culture in which information is valued as an asset and information risk is managed in a realistic and effective manner within the legislative frameworks that pertains to the Special Health Authority.

There is a requirement for robust governance in order to comply with legislation whilst also achieving a balance with operational effectiveness so that progress is not undermined or damaged by poor Information Governance practices. To achieve this there is a comprehensive range of national guidance and legislation with which HEIW must comply, including:

- General Data Protection Regulation (2018)
- Data Protection Act (2018)
- Public Records Act (1958)
- Freedom of Information Act (2000)
- Computer Misuse Act (1990)
- Common Law duty of confidentiality
- Wales Accord on the Sharing of Personal Information(WASPI)
- Other appropriate legislation

HEIW was established as a Special Health Authority on 1 October 2018. During 2019/20 the governance models and structures for the management of Information Governance in HEIW has continued to be established and developed.

The SIRO report is divided into two sections – Information Governance and Cyber Security . Each section of the SIRO report considers the progress and achievements in 2019/20 and sets out the priorities and plans for 2020/21. A summary is provided below. The report also identifies areas that have been impacted by the COVID-19 crisis.

The key achievements within the report can be summarised as follows:

Section 1, Information Governance (IG) provides comprehensive evidence of the work programme undertaken to ensure the organisation is achieving compliance and demonstrating ongoing improvement and achievement against the requirements of the Data Protection Act 2018 (DPA) and the General Data Protection Regulation (GDPR). A GDPR Work Plan was devised based around the Information Commissioner's Office's 12 steps to GDPR compliance guidance. Good progress has been achieved

in completing or progressing most actions within the Work Plan. The outstanding actions relate to the completion of the Information Asset Register, which is required to identify, and log personal data held by an organisation, the way the data is processed and the basis of the consent for processing the data. It is anticipated that HEIW's Information Asset Register will be completed in Q2 of 2020/21. This demonstrates action and improved assurance and compliance across all areas.

Further examples of progress include:

- dedicated IG resource and specific departmental privacy policies in place;
- training has been made available and the Information Governance Manager has given eight training sessions for staff;
- guidance on IG and the DPA has been produced and is available for staff on the intranet;
- there is committee level oversight of IG and the DPA provided by the Audit and Assurance Committee through a quarterly report on IG and Information Management;
- the establishment of an Information Governance and Information Management Group whose duties include supporting the quarterly reporting to the Audit and Assurance Committee; and
- a Privacy Impact Assessment (PIA) process has been established to ensure that new projects or proposed changes to the use of currently held identifiable information adequately protects the personal information.

External validation of this area has also been achieved during the period. Internal Audit audited the Information Governance: General Data Protection Regulation within HEIW in 2020 where Limited Assurance was noted.

Section 2, Cybersecurity. This describes the increased attention and focus following the implementation of the Cybersecurity Assessment report since November 2019 where HEIW has taken action to improve security and reduce vulnerabilities. 2019/20 has seen areas of improvement including:

- Awareness raising of Cybersecurity issues at Board and Committee level through regular reporting
- Social engineering. HEIW continues to provide staff with updates through the Intranet of phishing attacks and raise awareness of areas of vulnerability.
- Awareness raising measures have been implemented by the IT team to warn staff of the increase risk of fraud through cybercrime (particularly during the COVID-19 crisis)
- Secure asset marking has progressed to cover 75% of laptops
- Privacy Impact Assessment & Data Protection Impact Assessment. This is currently being completed against new systems being developed by HEIW.
- Increased monitoring. NWIS now provides HEIW with assurance on the management of Cybersecurity threat and defence activities at each quarterly SLA review meeting.

SECTION 1 – INFORMATION GOVERNANCE

2.1 Accountability / Responsibilities and Governance Structures

The Information Governance and Information Management Group (IGIM) was established in August 2019, chaired by The Senior Information Risk Owner (SIRO) to oversee IG compliance, support best practice and ensure that all HEIW information is:

- Confidential and secure;
- Accurate high quality;
- Relevant and available; and
- Processed fairly.

The IGIM meets quarterly and supports the provision the quarterly IG reports to the Audit and Assurance Committee.

2.2 Accountable Officer and SIRO

2.2.1 The Accountable Officer

The Chief Executive is the Accountable Officer of HEIW and has overall accountability and responsibility for IG. The Accountable Officer required to provide assurance, through the Annual Governance Statement, that all risks to the Organisation, including those relating to information, are effectively managed and mitigated.

2.2.2 The Senior Information Risk Owner (SIRO)

The SIRO has responsibility for advising the Accountable Officer and Board about Information risk. The SIRO has a key understanding of how the strategic goals of HEIW may be impacted by information risk, across all types of information acquired, stored, shared and/or destroyed. The SIRO provides an essential role in ensuring that identified information security risks are followed up and incidents managed. The Board Secretary is the SIRO.

2.2.3 Information Governance Function

The Information Governance Manager (IG Manager) undertakes IG management together with managing compliance with the DPA. The IG Manager reports to the Board Secretary. The Board Secretary is the Data Protection Officer (DPO) and designated contact with the Information Commissioner's Office (ICO). The IG Manager will ensure that the HEIW's annual Data Protection Registration is maintained and kept up to date in

coordination with the Board Secretary. The IG Manager provides expert advice, guidance and training on GDPR issues.

The IG Manager role is currently undertaken on a part time basis and through the secondment of the IG Manager from NHS Wales' Shared Services Partnership (NWSSP). Attempts to recruit a full time permanent Information Governance Manager over the past year have not been successful. The recruitment process is on hold during the COVID-19 crisis and is expected to be reconvened in Q1-Q2 of 2020/21.

2.3 Data Protection Act 2018

HEIW uses a formal and informal structure around the governance responsibilities for information. It has been proactive in ensuring that staff are aware of their responsibilities regarding the protection of personal information.

A GDPR Work Plan based around the ICO's 12 steps to GDPR compliance guidance is being implemented. The 12 individual areas were noted on the HEIW GDPR Work Plan, and the timescales were realistically set to allow for those which could be realistically completed by the end of March 2020. In practice, seven were completed in this timeframe, and the remaining five have been added to the GDPR Work Plan for 2020/21.

It is always necessary for HEIW to provide assurance to the ICO that compliance is continually reviewed and maintained at a high level going forward.

2.3.1 Information Asset Register (IAR)

An information asset is defined as:

'An identifiable asset owned or contracted by an organisation which is of value to the business. It will include databases, applications, technical computing infrastructure, paper record stores, and policy/process/ educational related materials'.

One of the most important strands of work for this financial year has been the ongoing establishment of a useful and robust IAR. This is vital in order to manage IG going forward and to comply with the new DPA.

At the time of writing, over 100 members of staff and departments have completed a return on whether they process personally identifiable information which should be captured within the IAR. While considerable process has been made with the IAR its completion has been impacted and slowed by the COVID-19 crisis and the work on other department wide entries are ongoing.

HEIW is currently developing its IAR with a view to completing the first iteration of the register in Q2 of 2020/21.

2.3.2 Subject Access Compliance

The total number of Data Subject Access Requests (SARs) for the financial year 2019/20 was one.

In line with the DPA, the department has implemented a new way of working to ensure compliance with the new provision timescale of 28 days. No fee is charged for this process in line with the DPA.

The compliance rate of meeting the 28 day provision requirement at March 2020 was **100%**.

2.4 Information Governance Training

Training is offered via face to face open access sessions, in house departmental sessions or via completion of the Electronic Staff Record (ESR) based national e-learning package. E-learning training is mandatory for all staff, to be completed when employment with HEIW commences and refreshed every 2 years thereafter.

In accordance with the findings of internal audit HEIW is actively seeking to increase the completion rate for staff undertaking mandatory training on ESR in respect of DPA training. Further face to face training sessions will be rolled out during 2020/21.

Face to face IG training is not considered mandatory but is offered to staff who may process identifiable information and would like to attend to know more about their responsibilities. To date, the Information Governance Manager has run eight sessions in Ty Dysgu that were reasonably well attended.

2.5 Information Governance Audits

A key component of a good IG model is the proactive improvement of practice and the mitigation of risk through the management of issues raised during IG Audits. HEIW has been subject to two main types of audit:

1. Wales Audit Office Structured Assessment – IG component;
2. Internal Audit on Information Governance/GDPR.

From each of the audits detailed improvement plans are developed and monitored. Details are listed below.

2.5.1 Wales Audit Office (WAO) Structured Assessment 2019 of HEIW

The WAO audited the IG Department in August 2019 as part of the wider HEIW Structured Assessment. The resultant report was published in January 2020 and the report's one recommendation in the area of IG is being actioned.

2.5.2 Internal Audit on Information Governance: GDPR

Internal Audit audited the Information Governance: GDPR function within HEIW in 2020 where Reasonable Assurance was noted. The five recommendations within the Internal Audit report are currently being implemented by HEIW.

2.6 Information Governance Incident Reporting

During 2019/20 there have been two reported IG related incidents. Both incidents were reviewed and assessed and were not deemed to be sufficiently material to require escalation and reporting to the Information Commissioners Office.

2.7 Information Governance Risk Register

Information governance related risk matters are maintained on a risk register.

2.8 Policy and Procedure Updates

During 2019/20 the following policies and procedures that have IG content have been developed and/or reviewed, and then approved:

- Data Protection and Confidentiality
- Data Quality Policy
- Information Security Policy
- Information Governance Policy
- Freedom of Information Act Policy
- Information Asset policy
- Records Management Policy
- Confidentiality Breach reporting protocol

Policies, procedures and guidance documents will continue to be developed or updated during 2020/21 to further support the IG agenda.

2.9 Information Sharing

The Wales Accord on the Sharing of Personal Information (WASPI) has been endorsed by the Welsh Government as the 'single' information sharing framework for Wales. The purpose of the framework is to enable service-providing organisations directly concerned with the health, welfare,

safeguarding, and protection of individuals and the public to share personal information between them in a lawful, safe and informed way. The framework consists of two elements: the Wales Accord on the Sharing of Personal Information and supporting local Information Sharing Protocols (ISPs). A range of guidance documents, templates and approved ISPs have been developed to assist partner organisations in implementing the framework.

2.10 Data Protection Impact Assessments (DPIAs)

DPIAs are mandatory for organisations when processing is likely to result in a high risk to the rights of the data subjects. DPIAs are fundamental to developing a privacy by design approach. The benefits of this approach include:

- Minimising privacy risks, building trust and having a robust risk management based approach to achieve effective information security and governance;
- Increasing awareness of privacy and data protection;
- Meeting legal obligations and less likely to breach data protection legislation; and
- Projects are less likely to be privacy intrusive or have a negative impact on individuals.

DPIAs are completed at the early stages of projects or proposed major new flows of information, and will then be reviewed throughout its lifecycle, or when a system change occurs. This allows HEIW to find and fix problems early on, reducing the associated costs and damage to reputation that might otherwise accompany a breach of data protection legislation. The IG Manager highlights the need for staff to consider the completion of a DPIA during classroom based IG training.

2.11 Freedom of Information Act (FOIA)

2.11.1 Summary

HEIW received 22 FOIA requests in 2019/20. HEIW answered 95% of these requests on time (within the 20 working days). There were no appeals or requests for internal reviews about HEIW's responses in 2019/20.

2.11.2 Performance

The FOIA team set a 10 working-day timescale to provide the required information so that the responses can be reviewed and drafted, and appropriate exemptions applied if necessary.

2.11.3 Potential for Monitoring by the Information Commissioner

The Information Commissioners Office (ICO) currently monitors public authorities that repeatedly or seriously fail to respond to FOIA requests within

the appropriate timescales. HEIW has not been subject of any form of compliance monitoring by the ICO.

2.11.4 Internal Reviews

Any expression of dissatisfaction about the handling of an FOIA request is considered as a request for an internal review. An independent re-assessment of how the request was handled is conducted by someone who was not involved with the original request. HEIW has not received a complaint about its FOIA responses in 2019/20. There have been no investigations carried out by the Information Commissioners Office (ICO) during 2019/20.

2.11.5 Request Trends and Subjects of Requests and Source of Requests

The overall number of FOIs are low. The type of information being requested is diverse and the complexity of enquires varies. The sources of the requests are varied.

2.11.6 Transparency

The FOIA carries an inherent presumption in favour of disclosure; information must be released unless one or more of the exemptions are engaged. There have been no occasions where such an exemption has been applied by HEIW during 2019/20.

2.12 Looking Forward – Plans, Priorities and Challenges for 2020/21

The IG agenda is wide and varied and therefore it is essential to have a planned and phased approach.

Strategic work planned for the next financial year 2020/21 includes:

- Completion of the Information Asset Register
- Completion of the GDPR action plan
- Information Governance KPIs to be developed and reported to the Audit and Assurance Committee on a quarterly basis
- Further face to face training to be offered to staff to raise the profile of IG – such training to also target staff who are not based in Ty Dysgu
- Review of HEIW's policies to be undertaken to ensure that sufficient emphasis is placed on home working
- Completion of the Wales NHS IG Toolkit
- Review HEIW's IG Risk Register and utilise IGIM to actively manage the identified risks
- Review and revise privacy notice templates and guidance.

All progress will be monitored via formal IG and IM reports taken to the Audit and Assurance Committee quarterly.

SECTION 2 – CYBERSECURITY

3.1 *Key Achievements in 2019/20*

Cybersecurity refers to the body of technologies, processes and practices designed to protect networks, devices, programs and data from attack, damage or unauthorised access. The discipline is of increasing importance because of the increasing threat of Cyber-attacks and as HEIW collects, processes, and stores substantial amounts of data on computers and other devices. Elements of that data can be sensitive information, whether that be pastoral care information about trainees, financial data, personal information, or other types of data for which unauthorised access or exposure could have negative consequences. As the volume and sophistication of cyber-attacks grow, NHS organisations that are tasked with safeguarding information need to take steps to protect sensitive business and personnel information.

Since HEIW's establishment Cybersecurity provision was primarily provided by the NHS Wales Informatics Services NWIS. An assessment of HEIW's Cybersecurity capacity in Q3 of 2019 highlighted a number of areas for HEIW to build upon and to develop further. The current position in respect of these areas is summarised below:

- a) **The Corporate Risk Register to be updated to reflect the assessment of the Cybersecurity risk.** Cybersecurity has been entered onto the register and continues to be assessed as red status risk. The risk is now constantly reviewed and monitored. It is anticipated that this risk will be downgraded in Q2 of 2020/21 following the appointment of the new Head of Cybersecurity who will be tasked with the implementation of the Cybersecurity strategy.
- b) **A HEIW Cybersecurity strategy to be developed.** The development of an a bespoke HEIW organisational wide Cybersecurity strategy and resilience programme with an underpinning reporting and governance structure is to be undertaken by the Head of Cybersecurity in 2019/2.
- c) **HEIW to appoint an FTE or equivalent to provide cover in respect of Cybersecurity requirements.** HEIW has created the new role of Head of Cybersecurity and has successfully recruited for the role. It is anticipated that the new Head of Cyber will be in post by July 2020. The Head of Cybersecurity will play a crucial role in strengthening HEIW's Cybersecurity measures which are considered further at paragraph 5.3 below.
- d) **Board and Committee awareness of Cybersecurity to be improved.** The Audit and Assurance Committee now receives regular updates in

respect of Cybersecurity through the quarterly IG and IM report and through dedicated reports on Cybersecurity. The Board was scheduled to receive training on Cybersecurity by NWIS at a Board Development session. This training was postponed due to the COVID-19 crisis. The new Head of Cyber will be tasked with undertaking training for the Board and HEIW's senior leadership team in Q2-Q3 of 2020/21.

- e) **The purchase of additional Cybersecurity software: Cyber essentials plus, dark web monitoring.** HEIW is currently investigating the procurement of services to support the organisation in achieving a Cyber Essential Plus Certification. A meeting has been scheduled with a provider of services in relation to the dark web. Progress in these areas have been slowed down as a result of the COVID-19 crisis.

3.2 Further Improvements to security in 2019/20

- a) **Asset marking.** Secure asset marking has progressed to cover 75% of laptops.
- b) **Social engineering.** HEIW continues to provide staff with updates through the Intranet of phishing attacks and raise awareness of areas of vulnerability.
- c) **Privacy Impact Assessment & Data Protection Impact Assessment.** This is currently being completed against new systems being developed by HEIW.
- d) **NWIS and increased monitoring.** NWIS now provides HEIW with assurance on the management of Cybersecurity threat and defence activities at each quarterly SLA review meeting.
- e) **Internal increased monitoring.** Information security be considered on a regular basis by the IG and IM Group.
- f) **Cybersecurity Information Sharing Partnership(CiSP).** HEWI has registered with the CiSP portal and is receiving real time cyber threat early warnings.

3.3 Planned Improvements to Cybersecurity 2020/21

- a) **Head of Cybersecurity.** The appointment of the Head of Cybersecurity in Q2 of 2020/21 will expand HEIW's expertise and dedicated resource in this area. The appointment will enable HEWI to focus on the development of several key areas including:
 - HEIW's organisational wide Cybersecurity Strategy
 - Increased awareness and management of exposure to supply chain cyber-attacks

- Establishment of a Cyber Incident Reporting Team
 - Training and development of the Board on Cybersecurity
- b) **Increased network encryption.** Significant progress has been made in respect of the Eduroam pilot. Eduroam will provide an end-to-end encrypted network for all HEIW staff, HEIW remote staff, trainee medical staff and trainers. This will greatly reduce the risk of data exposure on public WIFI connections. The pilot is complete and data feedback analysis is underway before further rollout and communications are developed.
- c) **Training** A training package to raise awareness of Cybersecurity has been developed as an e-learning module for ESR. NWIS have identified that this a learning requirement for all staff and are progressing making this module a mandatory element of ESR in due course.
- d) **Cybersecurity Information Sharing Partnership (CISP).** HEIW has registered with CISP and is now receiving early warning alerts, real time cyber threat information and have access to extensive networks and learning material.
- e) **Business recovery and continuity plans.** A Digital Systems Business Continuity and Disaster Recovery Plan has been developed in draft and will be presented to the Executive Team for approval.

3.4 Maintaining Computer Systems

The ongoing maintenance of computer systems (networks, servers, desktop computers and laptops) continues to be a significant challenge. This is also important for protecting the organisation against known vulnerabilities for software that is no longer supported (updated).

4. Conclusion

Information risk and IG must be the business of everyone if HEIW is to meet the business expectations placed upon it by Government, the Information Commissioner, students, trainees and staff. This will be a challenging year as HEIW continues to mature and focus on the demands of the DPA and focus on increasing its preparedness for Cybersecurity.



GIG
CYMRU
NHS
WALES

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

Meeting Date	6 May 2020	Agenda Item	2.5
Report Title	Draft Annual Accounts 2019-20		
Report Author	Martyn Pennell, Head of Financial Accounting		
Report Sponsor	Eifion Williams, Interim Director of Finance		
Presented by	Martyn Pennell, Head of Financial Accounting		
Freedom of Information	Open		
Purpose of the Report	This purpose of this report is to provide the Audit Committee with an overview of the draft Annual Accounts for Health Education & Improvement Wales for 2019-20.		
Key Issues	<p>The draft Annual Accounts (Appendix 1) shows that Health Education & Improvement Wales has, subject to audit, met its financial duty in 2019-20 to:</p> <ul style="list-style-type: none"> • break-even against its Revenue Resource Limit over the accounting period; and • break-even against its Capital Resource Limit over the accounting period. 		
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance
		✓	
Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> • Consider and note the draft accounts for Health Education & Improvement Wales for 2019-20. 		

DRAFT ANNUAL ACCOUNTS 2019-20

1. INTRODUCTION

This purpose of this report is to provide the Audit Committee with an overview of the draft Annual Accounts for Health Education & Improvement Wales (HEIW) for the 2019-20 financial year.

2. BACKGROUND

As part of their 2019-20 year-end planning process Welsh Government (WG) issued NHS Wales organisations with a closing timetable broadly in line with the one followed in previous years. HEIW scheduled its required Audit & Assurance Committees and Board meeting in line with the agreed dates. As a result of the implications of the COVID-19 outbreak, a revised timetable was issued extending the deadlines. The revised dates are shown in the table below:

	Original Date	Revised Date
Submission of draft financial statements to WG and Wales Audit Office (WAO)	Wednesday 28 April 2020	Friday 22 May 2020
Submission of audited financial statements to WG	Friday 29 May 2020	Tuesday 30 June 2020

HEIW has worked to meet the original submission date of Wednesday 28 April and accordingly, the draft accounts were sent to WG and WAO as originally planned. The draft accounts for 2019-20 prepared by HEIW are included in Appendix 1 for information.

On receipt of the draft accounts, WAO commenced their statutory audit of the financial statements. WAO have indicated that they will attempt to complete their Audit work in line with the original timetable, but cannot guarantee that this will be the case due to a number of external factors. Furthermore, they have recommended that the HEIW accounts should not be signed off by the Accountable Officer (Chief Executive) until week commencing 29th June 2020, in order to allow for any significant accounting issues that may arise in other NHS Wales organisations, who are predominately working to the revised dates, to be considered by HEIW if relevant. Consequently, the original Audit & Assurance Committee and Board meeting dates have been retained, but these may have to be revisited during the audit process.

3. GOVERNANCE AND RISK ISSUES

No Governance or risk issues have been identified.

4. FINANCIAL IMPLICATIONS AND KEY ISSUES

The draft Annual Accounts (appendix 1) shows that Health Education & Improvement Wales has, subject to audit, met its financial duty to:

- break-even against its Revenue Resource Limit over the accounting period. Note 2.1 on page 22 of the financial statements shows a revenue underspend for the accounting period of £84k.
- break-even against its Capital Resource Limit over the accounting period. Note 2.2. on page 22 of the financial statements shows a balanced capital position for the accounting period.

HEIW have also met the PSPP target for the 2019-20 financial year with a performance of 95.2%.

5. RECOMMENDATIONS

Members are asked to:

- Consider and note the draft accounts for Health Education & Improvement Wales for 2019-20.

Governance and Assurance			
Link to IMTP strategic aims (please ✓)	Strategic Aim 1: To lead the planning, development and wellbeing of a competent, sustainable and flexible workforce to support the delivery of 'A Healthier Wales'	Strategic Aim 2: To improve the quality and accessibility of education and training for all healthcare staff ensuring that it meets future needs	Strategic Aim 3: To work with partners to influence cultural change within NHS Wales through building compassionate and collective leadership capacity at all levels
	Strategic Aim 4: To develop the workforce to support the delivery of safety and quality	Strategic Aim 5: To be an exemplar employer and a great place to work	Strategic Aim 6: To be recognised as an excellent partner, influencer and leader
Quality, Safety and Patient Experience			
There is no impact on quality, safety and patient experience.			
Financial Implications			
There are no direct financial implications as a result of this paper.			
Legal Implications (including equality and diversity assessment)			
There are no legal implications.			
Staffing Implications			
There are no direct staffing implications.			
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)			
There are no long-term implications.			
Appendices	Appendix 1 – HEIW Draft Annual Accounts 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 the LHB 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.

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

			05-Oct-17 to 31-Mar-19
	Note	2019-20 £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
		213,718	105,959
Less: Miscellaneous Income	4	(698)	(309)
Net operating costs before interest and other gains and losses		213,020	105,650
Investment Revenue	5	0	0
Other (Gains) / Losses	6	0	0
Finance costs	7	0	0
Net operating costs for the financial period		213,020	105,650

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

The notes on pages 8 to 61 form part of these accounts

Other Comprehensive Net Expenditure

		05-Oct-17 to 31-Mar-19
	2019-20 £000	£'000
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/>
Total comprehensive net expenditure for the period	213,020	105,650
	<hr/>	<hr/>

The notes on pages 8 to 61 form part of these accounts

Statement of Financial Position as at 31 March 2020

		31 March 2020	As at 31 March 2019
	Notes	£'000	£'000
Non-current assets			
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
Total non-current assets		2,595	2,989
Current assets			
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
		8,539	7,041
Non-current assets classified as "Held for Sale"	11	0	0
Total current assets		8,539	7,041
Total assets		11,134	10,030
Current liabilities			
Trade and other payables	18	(7,157)	(6,121)
Other financial liabilities	19	0	0
Provisions	20	(130)	(30)
Total current liabilities		(7,287)	(6,151)
Net current assets/ (liabilities)		1,252	890
Non-current liabilities			
Trade and other payables	18	(171)	(194)
Other financial liabilities	19	0	0
Provisions	20	0	0
Total non-current liabilities		(171)	(194)
Total assets employed		3,676	3,685
Financed by :			
Taxpayers' equity			
General Fund		3,676	3,685
Revaluation reserve		0	0
Total taxpayers' equity		3,676	3,685

The financial statements on pages 2 to 6 were approved by the Board on xx xxx 2020 and signed on its behalf by:

Chief Executive and Accountable Officer

Date

xx xx 2020

The notes on pages 8 to 61 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
Changes in taxpayers' equity			
Balance at 1 April 2019	3,685	0	3,685
Net operating cost for the period	(213,020)		(213,020)
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
Release of reserves to SoCNE	0	0	0
Transfers to/from (please specify)	0	0	0
Total recognised income and expense for period	(213,020)	0	(213,020)
Net Welsh Government funding	212,496		212,496
Welsh Government notional funding	515		515
Balance at 31 March 2020	3,676	0	3,676

The notes on pages 8 to 61 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
Changes in taxpayers' equity			
Balance at 5 October 2017	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
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for period	(105,650)	0	(105,650)
Net Welsh Government funding	109,335		109,335
Welsh Government notional funding	0		0
Balance at 31 March 2019	3,685	0	3,685

The notes on pages 8 to 61 form part of these accounts

Statement of Cash Flows for period ended 31 March 2020		05-Oct-17
	2019-20	to
	£'000	31-Mar-19
		£'000
Cash Flows from operating activities	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
Net cash outflow from operating activities		(211,176) (99,994)
Cash Flows from investing activities		
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
Net cash inflow/(outflow) from investing activities		(95) (3,101)
Net cash inflow/(outflow) before financing		(211,271) (103,095)
Cash Flows from financing activities		
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
Net financing		212,496 109,335
Net increase/(decrease) in cash and cash equivalents		1,225 6,240
Cash and cash equivalents (and bank overdrafts) at 1 April 2019		6,240 0
Cash and cash equivalents (and bank overdrafts) at 31 March 2020		7,465 6,240

The notes on pages 8 to 61 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 2020; 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

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.

In 2017-18 a formal revaluation exercise was applied to land and properties. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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.

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. 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/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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty 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.

The SHA 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

N/A

Date

N/A

The SHA has therefore met its statutory duty to have an approved financial plan for the period 2019-20 to 2020-21.

The SHA with the agreement of the Welsh Government, has operated under an annual operating plan that was approved by the Board in March 2020.

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:

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

The SHA 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
Total	109,934	56,766

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
Total	76,217	36,016

		05-Oct-17 to 31-Mar-19
	31-Mar-20 £'000	£'000
3.3 Other Operating Expenditure		
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	4,069	2,893
Transport	0	0
Premises	5,433	2,843
External Contractors	231	129
Depreciation	490	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
Total	27,567	13,177

		Reclassified 05-Oct-17 to 31-Mar-19
	31-Mar-20 £'000	£'000
3.4 Losses, special payments and irrecoverable debts: charges to operating expenses		
Increase/(decrease) in provision for future payments:		
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
Less: income received/due from Welsh Risk Pool	0	0
Total	(21)	33

		05-Oct-17 to 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
Total	698	309

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
5. Investment Revenue		
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

	05-Oct-17 to 31-Mar-19	
	31-Mar-20 £000	31-Mar-19 £000
6. Other gains and losses		
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
Total	0	0

	05-Oct-17 to 31-Mar-19	
	31-Mar-20 £000	31-Mar-19 £000
7. Finance costs		
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
Total interest expense	0	0
Provisions unwinding of discount	0	0
Other finance costs	0	0
Total	0	0

8. Operating leases

HEIW as lessee

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

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
Total	2,975	3,316

HEIW as lessor

	£000	£000
Rental revenue		
Rent	0	0
Contingent rents	0	0
Total revenue rental	0	0

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
Total	0	0

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
					31-Mar-20	
	£000	£000	£000	£000	£000	£000
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
Total Employee costs	13,242	724	581	0	14,547	6,246

Please give detail of staff under "Other".

Charged to capital	0	0
Charged to revenue	14,547	6,246
	14,547	6,246
Net movement in accrued employee benefits (untaken staff leave accrual included above)	0	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
					31-Mar-20	
	Number	Number	Number	Number	Number	Number
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
Total	209	7	14	0	230	208
Administrative clerical and board members includes:						
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
	0	0	0	0	0	0

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	1	1	0	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
Total	0	1	1	0	0

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	31	31	0	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
Total	0	31	31	0	0

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.

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. 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
NHS				
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%
Non-NHS				
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%
Total				
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
Total	0	0

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
Cost or valuation at 1 April 2019	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
At 31 March 2020	0	1,431	0	0	573	0	1,394	482	3,880
Depreciation at 1 April 2019	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
At 31 March 2020	0	184	0	0	573	0	362	166	1,285
Net book value at 1 April 2019	0	1,376	0	0	0	0	1,262	351	2,989
Net book value at 31 March 2020	0	1,247	0	0	0	0	1,032	316	2,595
Net book value at 31 March 2020 comprises :									
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
At 31 March 2020	0	1,247	0	0	0	0	1,032	316	2,595
Asset financing :									
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
At 31 March 2020	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
	<u>1,247</u>

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
Cost or valuation at 5 October 2017	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
At 31 March 2019	0	1,413	0	0	573	0	1,358	441	3,785
Depreciation at 5 October 2017	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
At 31 March 2019	0	37	0	0	573	0	96	90	796
Net book value at 5 October 2017	0	0	0	0	0	0	0	0	0
Net book value at 31 March 2019	0	1,376	0	0	0	0	1,262	351	2,989
Net book value at 31 March 2019 comprises :									
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
At 31 March 2019	0	1,376	0	0	0	0	1,262	351	2,989
Asset financing :									
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
At 31 March 2019	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
	1,376

'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
Balance at 1 April 2019	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
Balance carried forward 31 March 2020	0	0	0	0	0	0
Balance brought forward 5 October 2017	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
Balance carried forward 31 March 2019	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 20xx-xx.

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
Cost or valuation at 1 April 2019	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
Gross cost at 31 March 2020	0	0	0	0	0	0	0
Amortisation at 1 April 2019	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
Amortisation at 31 March 2020	0	0	0	0	0	0	0
Net book value at 1 April 2019	0	0	0	0	0	0	0
Net book value at 31 March 2020	0	0	0	0	0	0	0
At 31 March 2020							
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
Total at 31 March 2020	0	0	0	0	0	0	0

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
Cost or valuation at 5 Oct 2017	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
Gross cost at 31 March 2019	0	0	0	0	0	0	0
Amortisation at 1 April 2017	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
Amortisation at 31 March 2019	0	0	0	0	0	0	0
Net book value at 5 Oct 2017	0	0	0	0	0	0	0
Net book value at 31 March 2019	0	0	0	0	0	0	0
At 31 March 2019							
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
Total at 31 March 2019	0	0	0	0	0	0	0

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
Total of all impairments	0	0	0	0
Analysis of impairments charged to reserves in period :				
Charged to the Statement of Comprehensive Net Expenditure	0	0	0	0
Charged to Revaluation Reserve	0	0	0	0
	0	0	0	0

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
Total	0	0
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
Total	0	0

15. Trade and other Receivables

Current	Reclassified	
	31-Mar-20	31-Mar-19
	£000	£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

	31-Mar-20	31-Mar-19
	£000	£000
Receivables past their due date but not impaired		
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
Financial assets				
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
Total	0	0	0	0

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	7,465	6,240
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
Cash and cash equivalents as in Statement of Financial Position	7,465	6,240
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	7,465	6,240

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

Current	31-Mar-20	31-Mar-19
	£000	£000
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
Sub total	7,157	6,121
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
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
Sub total	171	194
Total	7,328	6,315

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
Total	<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
Current									
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
Total	30	0	0	0	130	(8)	(22)	0	130
Non Current									
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
Total	0	0	0	0	0	0	0	0	0
TOTAL									
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
Total	30	0	0	0	130	(8)	(22)	0	130

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
Total	130	0	0	130

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
Current									
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
Total	0	0	0	0	30	0	0	0	30
Non Current									
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
Total	0	0	0	0	0	0	0	0	0
TOTAL									
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
Total	0	0	0	0	30	0	0	0	30

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
Net contingent liability	0	0

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
Total	0	0

21.3 Contingent assets

31-Mar-20	31-Mar-19
£'000	£'000

Please include headings if applicable

	0	0
	0	0
	0	0
Total	0	0

22. Capital commitments**Contracted capital commitments**

31-Mar-20	31-Mar-19
£'000	£'000

Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

23. Losses and special payments

HEIW has no losses and special payments 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
Total	1	31

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	31
Total cases			31	31

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
Minimum lease payments		
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>

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

	31-Mar-20	31-Mar-19
	£000	£000
Minimum lease payments		
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
Minimum lease payments		
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:

	31-Mar-20	31-Mar-19
	£000	£000
Gross Investment in leases		
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
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	Off-SoFP PFI contracts
	31 March 2020 £000	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:

[Scheme description](#)

£000

Contract start date:

Contract end date:

[Scheme description](#)

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 £XXm

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
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	0	0
Total	<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
Total	740	5,514
Adjustment for accrual movements in fixed assets - creditors	0	0
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	0	0
	740	5,514

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
Total	1,112	142

29. Events after the Reporting Period

HEIW has not experienced any events having a material effect on the accounts, between the date of the statement of financial position and the date on which these accounts were approved by its Board.

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	76,356	26	1,621	22
Welsh NHS Trusts	26,174	85	301	22
Swansea University	21,488	184	785	0
Cardiff University	2,633	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
	144,320	213,121	3,813	44

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 ten.

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:

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

Other Operating Expenditure	2019-20	515
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Statement of Changes in Taxpayers' Equity For the year ended 31 March 2020

Net operating cost for the year	Balance at 31 March 2020	-515
Notional Welsh Government Funding	Balance at 31 March 2020	515

Statement of Cash Flows for year ended 31 March 2020

Net operating cost for the financial year	2019-20	0
Other cash flow adjustments	2019-20	515

2.1 Revenue Resource Performance

Revenue Resource Allocation	2019-20	515
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3. Analysis of gross operating costs

3.3 Expenditure on Hospital and Community Health Services

Directors' costs	2019-20	37
Staff costs	2019-20	478

9.1 Employee costs

Permanent Staff

Employer contributions to NHS Pension Scheme	2019-20	515
Charged to capital	2019-20	0
Charged to revenue	2019-20	515

18. Trade and other payables

Current

Pensions: staff	Balance at 31 March 2020	0
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28. Other cash flow adjustments

Other movements	2019-20	515
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**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 5th 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