

DHCW Audit and Assurance Committee - Public Extraordinary Meeting

Tue 14 June 2022, 10:00 - 10:45

Virtual

Agenda

10:00 - 10:05
5 min

1. PRELIMINARY MATTERS

1.1 Welcome and Introductions

For Noting

Chair

1.2 Apologies for Absence

For Noting

Chair

1.3 Declarations of Interest

For Noting

Chair

10:05 - 10:45
40 min

2. MEETING BUSINESS




2.1 Annual Accounts 2021/22

For Approval

Executive Director of Finance

Including:



- Financial Statements
- Letter of Representation

-  2.1 Audit Committee - 21-22 DHCW Annual Accounts F-01.pdf (6 pages)
-  2.1i Appendix A DHCW 2021-22 Account Template 7.6.22.pdf (62 pages)
-  2.1ii Appendix B DHCW Letter of Representation F-01.pdf (4 pages)

2.2 Audit Wales ISA260 Report

For Noting

Audit Wales

-  2.2 21-22 DHCW Annual Accounts Audit Report ISA260 F-01.pdf (4 pages)
-  2.2i Appendix A DHCW Final Audit of Accounts ISA 260 2021-22.pdf (22 pages)


2.3 Annual Report 2021/2022

For Approval

Board Secretary

Including:

- Annual Accountability Report
- Performance Report

-  2.3 End of year reporting - Annual Report 21_22 Cover Paper.pdf (5 pages)
-  2.3i Appendix A DHCW-Annual Report-2021-2022.pdf (104 pages)

2.4 Head of Internal Audit Opinion and Annual Report 2021/22

For Approval

Head of Internal Audit

10:45 - 10:45
0 min

3. CLOSING MATTERS

3.1 Any Other Urgent Business

For Discussion

Chair

3.2 Date of Next Meeting: 4 July 2022

DIGITAL HEALTH AND CARE WALES 2021/22 ANNUAL ACCOUNTS

Agenda
Item

2.1

Name of Meeting	Audit and Assurance Committee
Date of Meeting	14 June 2022

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Claire Osmundsen-Little Executive Director of Finance & Business Assurance
Prepared By	Mark Cox Associate Director of Finance
Presented By	Claire Osmundsen-Little Executive Director of Finance & Business Assurance

Purpose of the Report	For Approval
Recommendation	
The Audit and Assurance Committee is being asked to APPROVE the draft Annual Accounts for DHCW for 2021-22 and APPROVE the Letter of Representation for DHCW to be signed by the Chief Executive and Chair.	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

1 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	All Objectives apply
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CORPORATE RISK (ref if appropriate)	N/A
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<u>WELL-BEING OF FUTURE GENERATIONS ACT</u>	A healthier Wales
If more than one standard applies, please list below:	

<u>DHCW QUALITY STANDARDS</u>	N/A
N/A	

<u>HEALTH CARE STANDARD</u>	Governance, leadership and accountability
If more than one standard applies, please list below:	

<u>EQUALITY IMPACT ASSESSMENT STATEMENT</u>	Date of submission:
No, (detail included below as to reasoning)	Outcome:
N/A	

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
LEGAL IMPLICATIONS/IMPACT	No, there are no specific legal implications related to the activity outlined in this report.
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report
RESEARCH AND INNOVATION IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

Acronyms			
SoCNE	Statement of Comprehensive Net Expenditure	WHC	Welsh Health Circular
DHCW	Digital Health and Care Wales	SHA	Special Health Authority
AW	Audit Wales	WG	Welsh Government

2 SITUATION/BACKGROUND

- 2.1 The purpose of the report is to present the Annual Accounts for the financial year ended 31st March 2022, and request that these accounts be recommended to the Board for approval.
- 2.2 The draft Annual Accounts for DHCW for 2021-22 were submitted to the Welsh Government and Audit Wales on 29th April 2022 and circulated prior to the Audit & Assurance Committee on 24th May to give an opportunity for any queries to be raised relating to their contents.
- 2.3 The main changes to the draft Accounts are explained with Audit Wales' "Audit of Accounts Report" (a separate report on their findings called an ISA260 inclusive of any forward looking recommendations). It is important to note that the attached version of the Accounts is still subject to final audit comments and clearance. Any additional changes or comments by Audit will be discussed at the Audit & Assurance Committee meeting.
- 2.4 The SHA Board will need to approve the 2021/22 Annual Accounts at its meeting on 14th June. The Accounts and audit opinion are therefore presented to the Audit & Assurance Committee to enable it to scrutinize on behalf of the Board and provide a recommendation to the Board as to their approval. The Audit & Risk Committee will also need to recommend approval by the Board of the letter of representation to the Auditors in accordance with regulatory requirements.
- 2.5 Audit Wales intend to issue an unqualified audit opinion on this year's accounts once provided with a signed Letter of Representation (attached).
- 2.6 The final audited accounts for 2021-22 will be submitted to the Welsh Government on 15th June.

3 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 3.1 The accounts direction sets out the period and basis of preparation of the accounts, key developments are that there is a requirement for a 15 month set of accounts rather than the usual 12 month as a result of timing of the organisations establishment.
- 3.2 The Annual Accounts consist of 5 Key summary statements accompanied by 53 pages of published accounting notes and numerous off submission file notes, source documents and reconciliations.

Summary Statements comprise of:

- **Statement of Comprehensive Net Expenditure** - The Statement of Comprehensive Net Expenditure (SoCNE) summarises, on an accruals basis, DHCW's net operating costs.
- **Other Comprehensive Net Expenditure** - This report is a primary statement showing the expenditure impact of changes to fixed asset valuations, reserve valuations and impairments
- **Statement of Financial Position as at 31 March 2022** - This statement is what is commonly known as the Balance sheet which presents Organisational assets and liabilities.
- **Statement of Changes in Taxpayers' Equity** - This Statement is now required under IAS 1, interpreted to include figures for net operating cost for the year and net Welsh Government funding for the year.
- **Statement of Cash Flows for period ended 31 March 2022** - The cash flows reported relate to movements in cash and cash equivalents (short-term highly liquid investments that are readily converted into known amounts of cash and subject to insignificant risk of changes in value, which is assumed if the instrument's maturity is 90 days or less).

3.3 **Performance against statutory targets:** DHCW 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.

Statutory Financial Duties – First Financial Duty : Section 172(1) sets out what is referred to as the 'First Financial Duty' -a duty to secure that DHCW 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. For the purposes of accounting DHCW was financially dormant for the period 30 December 2020 to 31st March 2021 with expenditure incurred by Velindre NHS Trust for service provision to the date of transfer, or by Welsh Government for establishment costs. Revenue and Capital resource allocations were issued to DHCW for the period 1 April 2021 to 31 March 2022 and will form the basis of assessment of the First Financial Duty in the first statutory accounts.

DHCW has reported meeting this duty with the accounts presenting a revenue underspend of £0.366m and a capital underspend of £0.010m.

Administrative Financial Duties – Second Financial Duty: The 'Second Financial Duty' for NHS bodies in Wales is the duty to prepare a plan and for that plan to be submitted to and approved by the Welsh Ministers.

The NHS Wales Annual Planning Framework 2021-22 set out an expectation that all health bodies in Wales would submit a board approved annual plan by 31 March 2021.

As DHCW was operating in "shadow" form until 31 March 2021 it was not feasible to achieve this, however the DHCW board approved the 2021-22 annual plan on 27 May 2021 and consequently met its requirement.

3.4 Amendments to Draft Accounts

A number of amendments were made to the annual accounts as a consequence of either:

1. Welsh Government requests (technical requirements or for ease of consolidation).
2. Audit Wales Recommendations
3. DHCW Internal Review

Whilst no amendments had an impact upon the DHCW reported financial performance one change required a change of presentation as follows:

Pages 36 & 37; Note 11 – Property, Plant and Equipment and Note 12 – Intangible assets:

Intangible assets under construction have been included in the Note 11 -PPE under "Assets under construction & payments on account", the intangible element of AUC was amended to be

included within Note 12 - Intangible non-current assets.

- £5,448,000 "Assets under construction & payments on account" will be moved from "additions - purchased" within Note 11 to an AUC column within Note 12
- £225,000 will moved from "NBV at 1 April 2021" & "Cost or valuation at 1 April 2021" in Note 11 to the same column in Note 12.
- Property, plant and equipment will decrease and Intangible assets will increase by £5,673,000 on the Statement of Financial Position.

3.5 Recommendations arising from the audit

Audit Wales have recommended that the useful lives of existing assets that are not fully depreciated are subject to an annual review and with any lives adjusted as deemed necessary. This will improve the accuracy of asset lives and the annual depreciation charges over the lives of the assets, to more accurately reflect asset usage.

DHCW has previously taken a view to be consistent with its host organisation Velindre NHS Trust classification of the useful lives of assets.

As a consequence of Audit Wales comments and the opportunity to revisit as an independent organisation, on the 26 May 2022, DHCW has commissioned a subgroup of the Capital and Non Pay delivery Group to complete a review and produce formal recommendations on July 21 2022.

4 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

4.1 The accounts are included at item 2.1i Appendix A.

4.2 The letter of representation is included at item 2.1ii Appendix B.

5 RECOMMENDATION

- 5.1 The Audit and Assurance Committee is asked to Approve the 2021-22 Annual Accounts for DHCW.
- 5.2 The Audit and Assurance Committee is asked to Approve the Letter of Representation for DHCW to be signed by the Chief Executive and Chair.

6 APPROVAL/SCRUTINY ROUTE

APPROVAL/SCRUTINY ROUTE:		
Person/Committee/Group who have received or considered this paper prior to this meeting		
COMMITTEE OR GROUP	DATE	OUTCOME

Digital Health & Care Wales (DHCW) Special Health Authority

FOREWORD

These accounts have been prepared by Digital Health & Care 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 30th December 2020 to 31st March 2022.

Statutory background

DHCW was established by establishment order 2020 No 1451 (W313) under section 22 of the National Health Service (Wales) Act 2006 ("the Act"), which was made on 7th December 2020 and came into force on the 30th December 2020.

DHCW operated in a shadow form until 1 April 2021 with all establishment and set up costs being borne by the Welsh Government, and Public Health Wales NHS Trust. The predecessor body NHS Wales Informatics Services (NWIS) hosted by Velindre University NHS Trust delivered operational activity to 31st March 2021.

On 1st April staff were transferred into DHCW and the organisation became fully operational.

These accounts, whilst covering the period 30th December 2020 to 31st March 2022, present the accounting transactions only for the period of live operation from 1st April 2021 to 31st March 2022.

DHCW is the second Special Health Authority within Wales created to take forward the digital transformation needed for better health and care in Wales, making services more accessible and sustainable while supporting personal health and well-being.

Performance Management and Financial Results

DHCW 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 DHCW which is funded by the Welsh Government. This funding is allocated on receipt directly to the General Fund in the Statement of Financial Position.

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

Performance against these limits is reported in Note 2 to the financial statements.

Statement of Comprehensive Net Expenditure for the period ended 31 March 2022

		30 December 2020 to 31 March 2022 £000
	Note	
General Medical Services	3.1	17,654
Other Operating Expenditure	3.2	113,048
		<u>130,702</u>
Less: Miscellaneous Income	4	<u>(42,777)</u>
Net operating costs before interest and other gains and losses		87,925
Investment Revenue	5	(3)
Other (Gains) / Losses	6	0
Finance costs	7	<u>0</u>
Net operating costs for the financial period		<u>87,922</u>

See note 2 on page 21 for details of performance against Revenue and Capital allocations.

The notes on pages 7 to 59 form part of these accounts

Other Comprehensive Net Expenditure	30 December 2020 to 31 March 2022 £000
Net gain / (loss) on revaluation of property, plant and equipment	33
Net gain / (loss) on revaluation of intangibles	0
(Gain) / loss on other reserves	0
Net gain / (loss) on revaluation of available for sale financial assets	0
Impairment and reversals	0
Other comprehensive net expenditure for the period	33
Total comprehensive net expenditure for the period	87,955

The notes on pages 7 to 59 form part of these accounts

Statement of Financial Position as at 31 March 2022

		31 March 2022
	Notes	£'000
Non-current assets		
Property, plant and equipment	11	12,170
Intangible assets	12	17,763
Trade and other receivables	15	371
Other financial assets	16	0
Total non-current assets		30,304
Current assets		
Inventories	14	0
Trade and other receivables	15	13,707
Other financial assets	16	0
Cash and cash equivalents	17	1,546
		15,253
Non-current assets classified as "Held for Sale"	11	0
Total current assets		15,253
Total assets		45,557
Current liabilities		
Trade and other payables	18	(15,677)
Other financial liabilities	19	0
Provisions	20	(267)
Total current liabilities		(15,944)
Net current assets/ (liabilities)		(691)
Non-current liabilities		
Trade and other payables	18	0
Other financial liabilities	19	0
Provisions	20	0
Total non-current liabilities		0
Total assets employed		29,613
Financed by :		
Taxpayers' equity		
General Fund		29,580
Revaluation reserve		33
Total taxpayers' equity		29,613

The financial statements on pages 2 to 6 were approved by the Board on 14.June.2022.

Chief Executive and Accountable Officer

The notes on pages 7 to 59 form part of these accounts

Statement of Changes in Taxpayers' Equity

For the period ended 31 March 2022

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Changes in taxpayers' equity			
Balance at 30 December 2020	0	0	0
Transfer adjustment NWIS to DHCW	37,705	0	37,705
Balance at 1 April 2021	37,705	0	37,705
Net operating cost for the period	(87,922)		(87,922)
Net gain/(loss) on revaluation of property, plant and equipment	0	33	33
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 Velindre	(37,705)	0	(37,705)
Total recognised income and expense for period	(125,627)	33	(125,594)
Net Welsh Government funding	115,500		115,500
Welsh Government notional funding	2,002		2,002
Balance at 31 March 2022	29,580	33	29,613

The notes on pages 7 to 59 form part of these accounts

Statement of Cash Flows for period ended 31 March 2022

		30 December 2020 to 31 March 2022 £000	2020-21 £'000
Cash Flows from operating activities	notes		
Net operating cost for the financial period		(87,922)	0
Movements in Working Capital	27	(1,196)	0
Other cash flow adjustments	28	21,037	0
Provisions utilised	20	0	0
Net cash outflow from operating activities		(68,081)	0
Cash Flows from investing activities			
Purchase of property, plant and equipment		(3,425)	0
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets		(4,743)	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		(8,168)	0
Net cash inflow/(outflow) before financing		(76,249)	0
Cash Flows from financing activities			
Welsh Government funding (including capital)		115,500	0
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		(37,705)	0
Net financing		77,795	0
Net increase/(decrease) in cash and cash equivalents		1,546	0
Cash and cash equivalents (and bank overdrafts) at 1 April 2021		0	0
Cash and cash equivalents (and bank overdrafts) at 31 March 2022		1,546	0

The notes on pages 7 to 59 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 2021-22 Manual for Accounts. The accounting policies contained in that manual follow the 2021-22 Financial Reporting Manual (FReM), in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, except for IFRS 16 Leases, which is deferred until 1 April 2022; 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 DHCW for the purpose of giving a true and fair view has been selected. The particular policies adopted by DHCW 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 DHCW are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of DHCW. 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 DHCW for the Welsh Government. Income received from LHBs transacting with DHCW 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 from 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 their annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Note 34.1 within these accounts.

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

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

1.4.3. NEST Pension Scheme

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

1.5. Other expenses

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

1.6. Property, plant and equipment

1.6.1. Recognition

Property, plant and equipment is capitalised if:

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

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

1.6.2. Valuation

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

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

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

- Specialised buildings – depreciated replacement cost

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

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

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

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

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

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

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

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

1.6.3. Subsequent expenditure

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

1.7. Intangible assets

1.7.1. Recognition

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

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

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

Measurement

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

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

1.8. Depreciation, amortisation and impairments

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

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

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

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

1.9. Research and Development

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

1.10 Non-current assets held for sale

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

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

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

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

1.11. Leases

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

1.11.1. The NHS Wales organisation as lessee

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

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

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

1.11.2. The NHS Wales organisation as lessor

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

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

1.12. Inventories

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

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

1.13. Cash and cash equivalents

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

1.14. Provisions

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

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

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

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

1.14.1. Clinical negligence and personal injury costs

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in both 2020-21 and 2019-20, although no costs were apportioned to DHCW during the year. The WRP is hosted by Velindre NHS Trust.

1.15 Discount Rates

Where discount is applied, a disclosure detailing the impact of the discounting on liabilities to be included for the relevant notes. The disclosure should include where possible undiscounted values to demonstrate the impact. An explanation of the source of the discount rate or how the discount rate has been determined to be included.

1.16. 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.

1.17. 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.

1.17.1. 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.

1.17.2. 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.

1.17.3 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.

1.17.4. 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.

1.17.5. 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.

1.18. 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.

1.18.1. 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.

1.18.2. 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.

1.18.3. 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.

1.19. 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.

1.20. 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.

1.21. 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.

1.22. 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.

1.23. Pooled budget

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

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

1.24. 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.

1.25. Key sources of estimation uncertainty

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

1.26 Private Finance Initiative (PFI) transactions

The NHS Wales organisation has no PFI arrangements.

1.27. 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.

1.28. 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.

1.29. 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.

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

IFRS 16 Leases is to be effective from 1st April 2022.

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.

1.30. Accounting standards issued that have been adopted early

During 2021-22 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.31. Charities

DHCW has no NHS Charitable Fund.

2. Financial Duties Performance

DHCW 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.

Statutory Financial Duties – First Financial Duty

Section 172(1) sets out what is referred to as the 'First Financial Duty' - a duty to secure that DHCW 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. DHCW was in shadow form for the period 30 December 2020 to 1 April 2021, no resource allocations were made to DHCW for this period. The entity was dormant for the purposes of accounting, with expenditure incurred by predecessor entities for service provision to the date of transfer, or by Welsh Government for establishment costs. Revenue and Capital resource allocations were issued to DHCW for the period 1 April 2021 to 31 March 2022 and will form the basis of assessment of the First Financial Duty in the first statutory accounts.

Administrative Financial Duties – Second Financial Duty

The 'Second Financial Duty' for NHS bodies in Wales is the duty to prepare a plan and for that plan to be submitted to and approved by the Welsh Ministers.

The SHAs are not covered by the amendments to the National Health Service (Wales) Act 2006 made by the NHS Finance (Wales) Act 2014 which placed a statutory financial duty upon Local Health Boards to prepare and submit an Integrated Medium Term Plan for approval by the Welsh Ministers. No provisions in the Act, similar to the powers at Schedule 4 Paragraph 2(2) of the Act for NHS Trusts have been exercised to set a statutory financial duty upon SHAs to prepare and submit an Integrated Medium Term Plan for approval by the Welsh Ministers.

During periods of shadow operation the SHAs were not subject to the relevant NHS Wales Planning framework for that year issued to NHS bodies in Wales by Ministerial Direction. No administrative planning duty was placed upon the SHAs for the period of shadow operation.

2.1 Revenue Resource Performance

Financial performance 2021-22

	£000
Net operating costs for the period	87,922
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	87,922
Revenue Resource Allocation	88,288
Under /(over) spend against Allocation	366

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

2.2 Capital Resource Performance

2021-22

	£000
Gross capital expenditure	38,835
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	38,835
Capital Resource Allocation	38,845
(Over) / Underspend against Capital Resource Allocation	10

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

2.3 Duty to prepare a 1 year plan

Due to the pandemic, the process for the 2020-23 integrated plan was paused in spring 2020 and temporary planning arrangements were implemented.

As a result, DHCW did not have a formal administrative duty to have an approved plan for 2021-22.

As DHCW only had an annual duty to report, there is no extant formal planning duty to report against.

The NHS Wales Annual Planning Framework 2021-22 set out an expectation that all health bodies in Wales would submit a board approved annual plan by 31 March 2021.
As DHCW was operating in shadow form until 31 March 2021 it was not feasible to achieve this, however the DHCW board approved the 2021-22 annual plan on 27 May 2021.

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:

	2021-22
Total number of non-NHS bills paid	2,995
Total number of non-NHS bills paid within target	2,908
Percentage of non-NHS bills paid within target	97.1%
DHCW has met the target.	

3. Analysis of gross operating costs

3.1 General Medical Services

30 December 2020

to

31 March 2022

Total

£000

IT Support and Refresh	3,294
Public Sector Broadband Aggregation	2,398
Systems & Services Contract	6,307
Licences	2,710
Data Quality System Audit	472
Primary Care Services	2,199
Other Expenditure	274
Total	17,654

3.2 Other Operating Expenditure

30 December 2020

to

31 March 2022

Total

£000

Local Health Boards	4,830
Welsh NHS Trusts	1,315
Welsh Special Health Authorities	10
Goods and services from other NHS bodies	0
WHSSC/EASC	0
Local Authorities	19
Purchase of healthcare from non-NHS bodies	0
Welsh Government	6
Other NHS Trusts	0
Directors' costs	1,208
Operational Staff costs	40,124
Single lead employer Staff Trainee Cost	0
Collaborative Bank Staff Cost	0
Supplies and services - clinical	0
Supplies and services - general	4,092
Consultancy Services	903
Establishment	6,829
Transport	15
Premises	38,324
External Contractors	6,191
Depreciation	3,648
Amortisation	5,288
Fixed asset impairments and reversals (Property, plant & equipment)	0
Fixed asset impairments and reversals (Intangible assets)	0
Impairments & reversals of financial assets	0
Impairments & reversals of non-current assets held for sale	0
Audit fees	216
Other auditors' remuneration	0
Losses, special payments and irrecoverable debts	15
Research and Development	0
NWSSP centrally purchased Covid assets issued free of charge to NHS Wales organisations	0
NWSSP centrally purchased Covid assets issued free of charge to other organisations	0
Other operating costs	15
Total	113,048

Operational Staff Costs have been reduced due to a recharge of £2,874k in respect of GMS staff related costs that are incorporated within Note 3.1. The premises figure of £38,324k contains expenditure on software licences and maintenance, computer hardware, and managed services contracts as per guidance in the Manual for Accounts.

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

30 December 2020

to

31 March 2022

Total

£000

Increase/(decrease) in provision for future payments:

Clinical negligence;	
Secondary care	0
Primary care	0
Redress Secondary care	0
Redress Primary care	0
Personal injury	0
All other losses and special payments	1,173
Defence legal fees and other administrative costs	0
Gross increase/(decrease) in provision for future payments	1,173
Contribution to Welsh Risk Pool	0
Premium for other insurance arrangements	0
Irrecoverable debts	0
Less: income received/due from Welsh Risk Pool	0
Total	1,173

All other losses and special payments incorporates two items, one being an exit payment of £15k (included in note 3.2) and the second item for £1158K (included in note 3.1 – Systems and Services Contract) is a contractual payment made under the direction of NHS Wales Health Board and fully funded by Welsh Government.

2021-22

£

Permanent injury included within personal injury £:

0

4. Miscellaneous Income**30 December 2020****to****31 March 2022****Total****£000**

Local Health Boards	30,806
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (E/	202
NHS trusts	5,714
Welsh Special Health Authorities	3,524
Foundation Trusts	0
Other NHS England bodies	12
Other NHS Bodies	4
Local authorities	1,568
Welsh Government	65
Welsh Government Hosted Bodies	0
Non NHS:	
Prescription charge income	0
Dental fee income	0
Private patient income	0
Overseas patients (non-reciprocal)	0
Injury Costs Recovery (ICR) Scheme	0
Other income from activities	882
Patient transport services	0
Education, training and research	0
Charitable and other contributions to expenditure	0
Receipt of NWSSP Covid centrally purchased assets	0
Receipt of Covid centrally purchased assets from other organisations	0
Receipt of donated assets	0
Receipt of Government granted assets	0
Non-patient care income generation schemes	0
NWSSP	0
Deferred income released to revenue	0
Contingent rental income from finance leases	0
Rental income from operating leases	0
Other income:	
Provision of laundry, pathology, payroll services	0
Accommodation and catering charges	0
Mortuary fees	0
Staff payments for use of cars	0
Business units	0
Scheme Pays Reimbursement Notional	0
Other	0
Total	42,777

NHS trusts includes £112k of income earned by an English NHS Trust, Imperial College HealthCare NHS Trust.

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

2021-22**%**

To reflect expected rates of collection ICR income is subject to a provision for impairment of:

0.00

5. Investment Revenue**30 December 2020**

to

31 March 2022**Total****£000****Rental revenue :**

PFI Finance lease income

planned

contingent

Other finance lease revenue

Interest revenue :

Bank accounts

Other loans and receivables

Impaired financial assets

Other financial assets

Total

0

0

0

(3)

0

0

0

(3)

6. Other gains and losses**£000**

Gain/(loss) on disposal of property, plant and equipment

Gain/(loss) on disposal of intangible assets

Gain/(loss) on disposal of assets held for sale

Gain/(loss) on disposal of financial assets

Change on foreign exchange

Change in fair value of financial assets at fair value through SoCNE

Change in fair value of financial liabilities at fair value through SoCNE

Recycling of gain/(loss) from equity on disposal of financial assets held for sale

Total

0

0

0

0

0

0

0

0

0

7. Finance costs**£000**

Interest on loans and overdrafts

Interest on obligations under finance leases

Interest on obligations under PFI contracts

main finance cost

contingent finance cost

Interest on late payment of commercial debt

Other interest expense

Total interest expense

Provisions unwinding of discount

Other finance costs

Total

0

0

0

0

0

0

0

0

0

0

8. Operating leases

SHA as lessee

As at 31st March 2022 DHCW had 11 operating leases agreements in place for the lease of premises, 13 arrangement in respect of equipment and 11 in respect of vehicles, with 2 equipment and 4 vehicle leases having expired in year.

	30 December 2020 to 31 March 2022
Payments recognised as an expense	Total £000
Minimum lease payments	2,296
Contingent rents	0
Sub-lease payments	0
Total	2,296

Total future minimum lease payments

Payable	£000
Not later than one year	2,363
Between one and five years	3,130
After 5 years	438
Total	5,931

SHA as lessor

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

Total future minimum lease payments

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

9. Employee benefits and staff numbers

9.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Other Staff	Total
						2021-22
	£000	£000	£000	£000	£000	£000
Salaries and wages	35,121	253	486	0	0	35,860
Social security costs	3,678	0	0	0	0	3,678
Employer contributions to NHS Pension Scheme	6,467	0	0	0	0	6,467
Other pension costs	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0
Total Employee costs	45,266	253	486	0	0	46,005

No employee costs incurred prior to 1 April 2021 are included within this note. Public Health Wales NHS Trust recorded all costs for the role of Interim Chair within their accounts for that financial year.

Charged to capital	1,905
Charged to revenue	44,100
	46,005

Net movement in accrued employee benefits (untaken staff leave total accrual included in note above)

137

The net movement in accrued employee benefits footnote above includes Covid 19 Net movement in accrued employee benefits

(209)

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Other Staff	Total
						2021-22
	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	878	4	8	0	0	890
Medical and dental	0	0	0	0	0	0
Nursing, midwifery registered	0	0	0	0	0	0
Professional, Scientific, and technical staff	0	0	0	0	0	0
Additional Clinical Services	0	0	0	0	0	0
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	878	4	8	0	0	890

The average number of employees are calculated from 1 April 2021 to 31 March 2022 the period the organisation was operational.

9.3. Retirements due to ill-health

2021-22

Number	0
Estimated additional pension costs £	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

DHCW operates four salary sacrifice schemes (childcare vouchers, cycle to work, home electronics and lease cars) for the financial benefit of its employees. It also provides a purchase of annual leave scheme. In addition, staff have access to a non contributory Employee Assistance Programme which provides financial wellbeing support, and a financial wellbeing scheme to provide staff with access to simple financial education, salary deducted loans, and a range of savings and investment products.

9.5 Reporting of other compensation schemes - exit packages

	2021-22	2021-22	2021-22	2021-22
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
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0
£10,000 to £25,000	0	1	1	1
£25,000 to £50,000	0	0	0	0
£50,000 to £100,000	0	0	0	0
£100,000 to £150,000	0	0	0	0
£150,000 to £200,000	0	0	0	0
more than £200,000	0	0	0	0
Total	0	1	1	1

	2021-22	2021-22	2021-22	2021-22
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
	£	£	£	£
less than £10,000	0	0	0	0
£10,000 to £25,000	0	14,422	14,422	14,422
£25,000 to £50,000	0	0	0	0
£50,000 to £100,000	0	0	0	0
£100,000 to £150,000	0	0	0	0
£150,000 to £200,000	0	0	0	0
more than £200,000	0	0	0	0
Total	0	14,422	14,422	14,422

Exit costs paid in year of departure	Total paid in year 2021-22 £
Exit costs paid in year	0
Total	0

The exit package information is based on that from 1 April 2021 to 31 March 2022 the period the organisation was operational.

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 the SHA has agreed early retirements, the additional costs are met by the SHA 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.

Where special payments have been made, the highest value was £14,422 and the lowest value was £14,422. The median value of the payments made was £14,422.

9.6 Fair Pay disclosures

9.6.1 Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director/employee in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The 2021-22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are

	2021-22 £000 Chief Executive	2021-22 £000 Employee	2021-22 £000 Ratio
Total pay and benefits			
25th percentile pay ratio	152.5	28.9	5.3:1
Median pay	152.5	38.5	4.0:1
75th percentile pay ratio	152.5	46.9	3.3:1
Salary component of total pay and benefits			
25th percentile pay ratio	152.5	27.8	5.5:1
Median pay	152.5	34.2	4.5:1
75th percentile pay ratio	152.5	45.8	3.3:1
	Highest Paid Director	Employee	Ratio
Total pay and benefits			
25th percentile pay ratio	157.5	28.9	5.4:1
Median pay	157.5	38.5	4.1:1
75th percentile pay ratio	157.5	46.9	3.4:1
Salary component of total pay and benefits			
25th percentile pay ratio	157.5	27.8	5.7:1
Median pay	157.5	34.2	4.6:1
75th percentile pay ratio	157.5	45.8	3.4:1

In the 2021-22, operational period 0 employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £20,330 to £155,403.

The all staff range includes directors (including the highest paid director) and excludes pension benefits of all employees.

Financial year summary

The median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the entity's employees taken as a whole.

Prior year ratios are not available to enable any comparison.

The NHS and social care financial recognition scheme bonus of £735 payment to reward eligible NHS staff has not been included in the NHS Remuneration Report calculations. This bonus payment is not a contractual payment, but a one-off payment to reward eligible staff for their commitment and tireless efforts in the most challenging circumstances.

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 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 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% of pensionable pay.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see [Amending Directions 2021](#)) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>.

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 £6,240 and £50,270 for the 2021-2022 tax year (2020-2021 £6,240 and £50,000).

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 the SHA 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 SHA financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery.

Payments made prior to DHCW becoming operational on 1 April 2021 were made by the predecessor organisations and are not included in the totals below.

	2021-22	2021-22
	Number	£000
NHS		
Total bills paid	450	5,727
Total bills paid within target	371	4,658
Percentage of bills paid within target	82.4%	81.3%
Non-NHS		
Total bills paid	2,995	83,024
Total bills paid within target	2,908	79,793
Percentage of bills paid within target	97.1%	96.1%
Total		
Total bills paid	3,445	88,751
Total bills paid within target	3,279	84,451
Percentage of bills paid within target	95.2%	95.2%

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

30 December 2020

to

31 March 2022

£

Amounts included within finance costs (note 7) from claims made under this legislation

0

Compensation paid to cover debt recovery costs under this legislation

0

Total

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 30 Dec 2020	0	0	0	0	0	0	0	0	0
Cost or valuation at 31 March 2021	0	0	0	0	0	0	0	0	0
NWIS to DHCW Transfer Adjustment	0	1,428	0	29	172	0	23,047	0	24,676
Cost or valuation at 1 April 2021	0	1,428	0	29	172	0	23,047	0	24,676
Indexation	0	64	0	0	0	0	0	0	64
Additions									
- purchased	0	2	0	1,957	29	0	1,900	0	3,888
- 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	(44)	0	0	0	0	(3,436)	0	(3,480)
At 31 March 2022	0	1,450	0	1,986	201	0	21,511	0	25,148
Depreciation at 30 December 2020	0	0	0	0	0	0	0	0	0
Depreciation at 31 March 2021	0	0	0	0	0	0	0	0	0
NWIS to DHCW Transfer Adjustment	0	729	0	0	34	0	12,016	0	12,779
Depreciation at 1 April 2021	0	729	0	0	34	0	12,016	0	12,779
Indexation	0	31	0	0	0	0	0	0	31
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	(44)	0	0	0	0	(3,436)	0	(3,480)
Provided during the period	0	152	0	0	35	0	3,461	0	3,648
At 31 March 2022	0	868	0	0	69	0	12,041	0	12,978
Net book value at 1 April 2021	0	699	0	29	138	0	11,031	0	11,897
Net book value at 31 March 2022	0	582	0	1,986	132	0	9,470	0	12,170
Net book value at 31 March 2022 comprises :									
Purchased	0	582	0	1,986	132	0	9,470	0	12,170
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2022	0	582	0	1,986	132	0	9,470	0	12,170
Asset financing :									
Owned	0	582	0	1,986	132	0	9,470	0	12,170
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 2022	0	582	0	1,986	132	0	9,470	0	12,170

The net book value of land, buildings and dwellings at 31 March 2022 comprises :

	£000
Freehold	0
Long Leasehold	0
Short Leasehold	582
	<u>582</u>

11. Property, plant and equipment (continued)

Additional disclosures re Property, Plant and Equipment

Disclosures:

i) Donated Assets

DHCW has not received any donated assets during the year.

ii) Valuations

The SHAs land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the latest version of the Royal Institute of Chartered Surveyors' Valuation Standards.

The SHA is required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in operation.

iii) Asset Lives

Depreciated as follows:

- Land is not depreciated.
- Buildings as determined by the Valuation Office Agency.
- Equipment 5-15 years.

iv) Compensation

There has been no compensation received from third parties for assets impaired, lost or given up, that is included in the income statement.

v) Write Downs

There have not been any write downs.

vi) DHCW does not hold any property where the value is materially different from its open market value.

vii) Assets Held for Sale or sold in the period.

There are no assets held for sale or sold in the period.

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 2021	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 2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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 2021-22

12. Intangible non-current assets

2021-22

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 30 December 2020	0	0	0	0	0	0	0
Cost or valuation at 31 March 2021	0	0	0	0	0	0	0
NWIS to DHCW Transfer Adjustment	37,352	4,183	3,319	0	0	0	44,854
Cost or valuation at 1 April 2021	37,352	4,183	3,319	0	0	0	44,854
Revaluation	0	0	0	0	0	0	0
Reclassifications	(77)	(148)	0	0	0	225	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	884	0	0	0	0	2,674	3,558
Additions- internally generated	0	743	0	0	0	2,774	3,517
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	(12,325)	(55)	(168)	0	0	0	(12,548)
Gross cost at 31 March 2022	25,834	4,723	3,151	0	0	5,673	39,381
Amortisation at 30 December 2020	0	0	0	0	0	0	0
Amortisation at 31 March 2021	0	0	0	0	0	0	0
NWIS to DHCW Transfer Adjustment	24,344	1,528	3,006	0	0	0	28,878
Amortisation at 1 April 2021	24,344	1,528	3,006	0	0	0	28,878
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	4,198	866	224	0	0	0	5,288
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(12,325)	(55)	(168)	0	0	0	(12,548)
Amortisation at 31 March 2022	16,217	2,339	3,062	0	0	0	21,618
Net book value at 1 April 2021	13,008	2,655	313	0	0	0	15,976
Net book value at 31 March 2022	9,617	2,384	89	0	0	5,673	17,763
At 31 March 2022							
Purchased	9,617	0	89	0	0	2,899	12,605
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	2,384	0	0	0	2,774	5,158
Total at 31 March 2022	9,617	2,384	89	0	0	5,673	17,763

13 . Impairments**30 December 2020****to****31 March 2022**

Property, plant & equipment £000	Intangible assets £000
---	---------------------------------------

Impairments arising from :

Loss or damage from normal operations

0

0

Abandonment in the course of construction

0

0

Over specification of assets (Gold Plating)

0

0

Loss as a result of a catastrophe

0

0

Unforeseen obsolescence

0

0

Changes in market price

0

0

Others (specify)

0

0

Reversal of impairments

0

0

Total of all impairments**0****0****Analysis of impairments charged to reserves in period :**

Charged to the Statement of Comprehensive Net Expenditure

0

0

Charged to Revaluation Reserve

0

0

0**0**

14.1 Inventories**30 December 2020**

to

31 March 2022**£000**

Drugs	0
Consumables	0
Energy	0
Work in progress	0
Other	0
Total	0
Of which held at realisable value	0

30 December 2020

to

31 March 2022**£000**

Inventories recognised as an expense in the period	0
Write-down of inventories (including losses)	0
Reversal of write-downs that reduced the expense	0
Total	0

Only stock which has been resold to other parties is included in this note.

Contained within total above:

Stock which has been resold to other parties	0
Covid Stock	0

15. Trade and other Receivables

Current	As at 31 March 2022 £000
Welsh Government	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	2
Welsh Health Boards	645
Welsh NHS Trusts	213
Welsh Special Health Authorities	6
Non - Welsh Trusts	276
Other NHS	8
2019-20 Scheme Pays - Welsh Government Reimbursement	0
Welsh Risk Pool Claim Reimbursement;	
NHS Wales Secondary Health Sector	0
NHS Wales Primary Sector FLS Reimbursement	0
NHS Wales Redress	0
Other	0
Local Authorities	40
Capital debtors - Tangibles	62
Capital debtors - Intangibles	0
Other debtors	1,113
Provision for irrecoverable debts	0
Pension Prepayments NHS Pensions	0
Other prepayments	11,342
Other accrued income	0
Sub total	13,707
Non-current	
Welsh Government	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0
Welsh Health Boards	0
Welsh NHS Trusts	0
Welsh Special Health Authorities	0
Non - Welsh Trusts	0
Other NHS	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0
Welsh Risk Pool Claim Reimbursement;	
NHS Wales Secondary Health Sector	0
NHS Wales Primary Sector FLS Reimbursement	0
NHS Wales Redress	0
Other	0
Local Authorities	0
Capital debtors - Tangibles	0
Capital debtors - Intangibles	0
Other debtors	0
Provision for irrecoverable debts	0
Pension Prepayments NHS Pensions	0
Other prepayments	371
Other accrued income	0
Sub total	371
Total	14,078

15. Trade and other Receivables

	As at
Receivables past their due date but not impaired	31 March 2022
	£000
By up to three months	347
By three to six months	41
By more than six months	47
	<u>435</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 30 December 2020	0
Balance at 1 April	0
Transfer to other NHS Wales body	0
Amount written off during the period	0
Amount recovered during the period	0
(Increase) / decrease in receivables impaired	0
ECL/Bad debts recovered during period	0
Balance at 31 March	<u>0</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	114
Other	0
Total	<u>114</u>

16. Other Financial Assets

	Current	Non-current
	As at	
	31 March 2022	
	£000	£000
Financial assets		
Shares and equity type investments		
Held to maturity investments at amortised costs	0	0
At fair value through SOCNE	0	0
Available for sale at FV	0	0
Deposits	0	0
Loans	0	0
Derivatives	0	0
Other (Specify)		
Held to maturity investments at amortised costs	0	0
At fair value through SOCNE	0	0
Available for sale at FV	0	0
Total	0	0

17. Cash and cash equivalents

	£000
Opening balance 30 December 2020	0
NWIS to DHCW Transfer Adjustment	0
Opening Balance 1 April 2021	0
Net change in cash and cash equivalent balances	1,546
Balance at 31 March 2022	1,546
Made up of:	
Cash held at Government Banking Service (GBS)	1,546
Commercial banks	0
Cash in hand	0
Cash and cash equivalents as in Statement of Financial Position	1,546
Bank overdraft - GBS	0
Bank overdraft - Commercial banks	0
Cash and cash equivalents as in Statement of Cash Flows	1,546

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 2021-22.

18. Trade and other payables

	As at 31 March 2022
Current	£000
Welsh Government	51
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0
Welsh Health Boards	1,413
Welsh NHS Trusts	115
Welsh Special Health Authorities	0
Other NHS	74
Taxation and social security payable / refunds	382
Refunds of taxation by HMRC	(8)
VAT payable to HMRC	0
Other taxes payable to HMRC	0
NI contributions payable to HMRC	581
Non-NHS trade payables - revenue	2,558
Local Authorities	1
Capital payables-Tangible	525
Capital payables- Intangible	2,332
Overdraft	0
Rentals due under operating leases	0
Obligations under finance leases, HP contracts	0
Imputed finance lease element of on SoFP PFI contracts	0
Pensions: staff	697
Non NHS Accruals	6,955
Deferred Income:	
Deferred Income brought forward	0
Deferred Income Additions	0
Transfer to / from current/non current deferred income	0
Released to SoCNE	0
Other creditors	1
PFI assets –deferred credits	0
Payments on account	0
Sub total	15,677
Non-current	
Welsh Government	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0
Welsh Health Boards	0
Welsh NHS Trusts	0
Welsh Special Health Authorities	0
Other NHS	0
Taxation and social security payable / refunds	0
Refunds of taxation by HMRC	0
VAT payable to HMRC	0
Other taxes payable to HMRC	0
NI contributions payable to HMRC	0
Non-NHS trade payables - revenue	0
Local Authorities	0
Capital Creditors- Tangible	0
Capital Creditors- Intangible	0
Overdraft	0
Rentals due under operating leases	0
Obligations under finance leases, HP contracts	0
Imputed finance lease element of on SoFP PFI contracts	0
Pensions: staff	0
Non NHS Accruals	0
Deferred Income :	
Deferred Income brought forward	0
Deferred Income Additions	0
Transfer to / from current/non current deferred income	0
Released to SoCNE	0
Other creditors	0
PFI assets –deferred credits	0
Payments on account	0
Sub total	0
Total	15,677

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:

	£000
Between one and two years	0
Between two and five years	0
In five years or more	0
Sub-total	<u>0</u>

19. Other financial liabilities

Financial liabilities	Current	Non-current
	As at	
	31 March 2022	
	£000	£000
Financial Guarantees:		
At amortised cost	0	0
At fair value through SoCNE	0	0
Derivatives at fair value through SoCNE	0	0
Other:		
At amortised cost	0	0
At fair value through SoCNE	0	0
Total	<u>0</u>	<u>0</u>

20. Provisions

	At 30 Dec 2020	At 1 April 2021	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 2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
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	0
Pensions relating to other staff	0	0		0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0	0		0	0	0	0	0	0
Restructuring	0	0		0	0	0	0	0	0
Other	0	0	0	0	267	0	0		267
Total	0	0	0	0	267	0	0	0	267
Non Current									
Clinical negligence:-									
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	0
Pensions relating to other staff	0	0		0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0	0		0	0	0	0	0	0
Restructuring	0	0		0	0	0	0	0	0
Other	0	0	0	0	0	0	0		0
Total	0	0	0	0	0	0	0	0	0
TOTAL									
Clinical negligence:-									
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	0
Pensions relating to other staff	0	0		0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0	0		0	0	0	0	0	0
Restructuring	0	0		0	0	0	0	0	0
Other	0	0	0	0	267	0	0		267
Total	0	0	0	0	267	0	0	0	267

Expected timing of cash flows:

	in year to 31 March 2023	Between 1 April 2023 31 March 2027	Thereafter	Total
	£000	£000	£000	£000
Clinical negligence:-				
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
2019-20 Scheme Pays - Reimbursement	0	0	0	0
Restructuring	0	0	0	0
Other	267	0	0	267
Total	267	0	0	267

The provision of £267k held on the balance sheet at 31st March 2022 reflects ongoing contract price negotiations related to software services delivered.

21. Contingencies

21.1 Contingent liabilities

As at
31 March 2022
£'000

Provisions have not been made in these accounts for the following amounts :

Legal claims for alleged medical or employer negligence	
Secondary Care	0
Primary Care	0
Secondary Care Redress	0
Primary Care Redress	0
Doubtful debts	0
Equal Pay costs	0
Defence costs	0
Continuing Health Care costs	0
Other	0
Total value of disputed claims	<u>0</u>
Amounts recovered in the event of claims being successful	0
Net contingent liability	<u><u>0</u></u>

	As at 31 March 2022 £'000
21.2 Remote Contingent liabilities	
Please disclose the values of the following categories of remote contingent liabilities :	
Guarantees	0
Indemnities	0
Letters of Comfort	0
Total	0

	As at 31 March 2022 £'000
21.3 Contingent assets	
	0
	0
	0
Total	0

22. Capital commitments

	As at 31 March 2022 £'000
Contracted capital commitments	
Property, plant and equipment	27
Intangible assets	6,224
Total	6,251

23. Losses and special payments

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 during the financial year

	Amounts paid out during period to 31 March 2022	
	Number	£
Clinical negligence	0	0
Personal injury	0	0
All other losses and special payments	2	1,173,692
Total	2	1,173,692

Analysis of cases in excess of £300,000

Case Type	In year claims in excess of £300,000		Cumulative claims in excess of £300,000	
	Number	£	Number	£
Cases in excess of £300,000:	5	1 1,158,400	1	1,158,400
Sub-total		1 1,158,400	1	1,158,400
All other cases		1 15,292	1	15,292
Total cases		2 1,173,692	2	1,173,692

24. Finance leases

24.1 Finance leases obligations (as lessee)

DHCW has no finance lease obligations as lessee.

Amounts payable under finance leases:

Land	As at 31 March 2022 £000
Minimum lease payments	
Within one year	0
Between one and five years	0
After five years	0
Less finance charges allocated to future periods	0
Minimum lease payments	<u>0</u>
Included in:	
Current borrowings	0
Non-current borrowings	<u>0</u>
Present value of minimum lease payments	
Within one year	0
Between one and five years	0
After five years	0
Present value of minimum lease payments	<u>0</u>
Included in:	
Current borrowings	0
Non-current borrowings	<u>0</u>
	<u>0</u>

24.1 Finance leases obligations (as lessee) continue**Amounts payable under finance leases:****Buildings**As at
31 March 2022**Minimum lease payments**

£000

Within one year	0
Between one and five years	0
After five years	0
Less finance charges allocated to future periods	0
Minimum lease payments	0

Included in:

Current borrowings	0
Non-current borrowings	0
	0

Present value of minimum lease payments

Within one year	0
Between one and five years	0
After five years	0
Present value of minimum lease payments	0

Included in:

Current borrowings	0
Non-current borrowings	0
	0

OtherAs at
31 March 2022**Minimum lease payments**

£000

Within one year	0
Between one and five years	0
After five years	0
Less finance charges allocated to future periods	0

Minimum lease payments

0

Included in:

Current borrowings	0
Non-current borrowings	0
	0

Present value of minimum lease payments

Within one year	0
Between one and five years	0
After five years	0
Present value of minimum lease payments	0

Included in:

Current borrowings	0
Non-current borrowings	0
	0

24.2 Finance leases obligations (as lessor) continued

The SHA has no finance leases receivable as a lessor.

Amounts receivable under finance leases:

	As at 31 March 2022
	£000
Gross Investment in leases	
Within one year	0
Between one and five years	0
After five years	0
Less finance charges allocated to future periods	0
Minimum lease payments	0
Included in:	
Current borrowings	0
Non-current borrowings	0
	0
Present value of minimum lease payments	
Within one year	0
Between one and five years	0
After five years	0
Less finance charges allocated to future periods	0
Present value of minimum lease payments	0
Included in:	
Current borrowings	0
Non-current borrowings	0
	0

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

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

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. The DHCW 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. DHCW 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 the DHCW in undertaking its activities.

Currency risk

DHCW is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. DHCW has no overseas operations and therefore has low exposure to currency rate fluctuations.

Interest rate risk

DHCW is not permitted to borrow. DHCW therefore has low exposure to interest rate fluctuations

Credit risk

Because the majority of the DHCW funding derives from funds voted by the Welsh Government DHCW has low exposure to credit risk.

Liquidity risk

DHCW 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. DHCW is not, therefore, exposed to significant liquidity risks.

27. Movements in working capital

	30 December 2020 to 31 March 2022 £000
(Increase)/decrease in inventories	0
(Increase)/decrease in trade and other receivables - non-current	(371)
(Increase)/decrease in trade and other receivables - current	(13,707)
Increase/(decrease) in trade and other payables - non-current	0
Increase/(decrease) in trade and other payables - current	15,677
Total	1,599
Adjustment for accrual movements in fixed assets - creditors	(2,857)
Adjustment for accrual movements in fixed assets - debtors	62
Other adjustments	0
	(1,196)

28. Other cash flow adjustments

	30 December 2020 to 31 March 2022 £000
Depreciation	3,648
Amortisation	5,288
(Gains)/Loss on Disposal	0
Impairments and reversals	0
Release of PFI deferred credits	0
Donated assets received credited to revenue but non-cash	0
Government Grant assets received credited to revenue but non-cash	0
Non-cash movements in provisions	267
Other movements	11,834
Total	21,037

Other movements contains the 6.3% Staff Employer Pension Contributions - Notional Element £2,002k and the S2 transfer from Velindre NHS Trust £9,833k

29. Events after the Reporting Period

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on xx xxx 2022; post the date the financial statements were certified by the Auditor General for Wales

30. Related Party Transactions

The Welsh Government is regarded as a related party. During the accounting period the DHCW 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	51	115,565	51	0
Aneurin Bevan	1,091	5,208	231	194
Betsi Cadwaladr LHB	815	6,579	356	0
Cardiff and Vale	681	4,753	249	129
Cwm Taf Morgannwg	742	4,271	19	14
Hywel Dda	715	4,213	208	94
Powys	516	1,369	217	96
Swansea Bay	682	4,413	216	117
Public Health Wales	323	2,301	60	72
Velindre	299	2,609	86	169
Welsh Ambulance Services	208	758	8	35
HEIW	11	3,524	0	5
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	202	0	2
Local Authorities	595	1,569	1	41
	6,729	157,334	1,702	968

Related party transaction where Board Members have declared an interest (See notes below for details of relationships):

	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government (Included in above figures)	51	115,565	51	0
Hywel Dda (Included in above figures)	715	4,213	208	94
Bangor University	11	0	0	0
	777	119,778	259	94

Grace Quantock, Independent Member, is a Senior Independent Panel Member at Welsh Government.

Ruth Glazzard, Vice Chair, has a close relationship with an employee at Hywel Dda,

Marian Wyn Jones, Independent Member, is the Chair of Council at Bangor University.

31. Third Party assets

DHCW does not hold cash on behalf of third parties.

32. Pooled budgets

DHCW does not does not operate any pooled budgets.

33. Operating segments

IFRS 8 requires bodies to report information about each of its operating segments.

DHCW 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 operational period, calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions as at month eleven and the actual employer staff payments for month 12. Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows:

Statement of Comprehensive Net Expenditure for the period ended 31 March 2022	2021-22 £000
General Medical Services	0
Other Operating Expenditure	2,002

**Statement of Changes in Taxpayers' Equity
For the period ended 31 March 2022**

Net operating cost for the year	(2,002)
Notional Welsh Government Funding	2,002

Statement of Cash Flows for period ended 31 March 2022

	31 March 2022
Net operating cost for the financial year	(87,922)
Other cash flow adjustments	2,002

2.1 Revenue Resource Performance

Revenue Resource Allocation	2,002
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3. Analysis of gross operating costs**3.1 General Medical Services**

General Medical Services	0
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3.2 Other Operating Expenditure

Directors' costs	45
Staff costs	1,957

9.1 Employee costs**Permanent Staff**

Employer contributions to NHS Pension Scheme	2,002
Charged to capital	0
Charged to revenue	2,002

18. Trade and other payables**Current**

Pensions: staff	0
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28. Other cash flow adjustments

Other movements	2,002
-----------------	-------

34.2 Other Information

Welsh Government Covid 19 Funding

Details of Covid 19 Pandemic Welsh Government funding amounts provided to DHCW during the operational period:

	2021-22 £000
Capital	
Capital Funding Field Hospitals and Equipment	0
Capital Funding Equipment	0
Capital Funding other (Specify)	865
Welsh Government Covid 19 Capital Funding	865
Revenue	
Sustainability Funding	0
C-19 Pay Costs Q1 (Future Quarters covered by SF)	0
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)	0
Bonus Payment	0
Independent Health Sector	0
Stability Funding	-46
Covid Recovery	0
Cleaning Standards	0
PPE (including All Wales Equipment via NWSSP)	0
Testing / TTP- Testing & Sampling - Pay & Non Pay	0
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	5958
Extended Flu Vaccination / Vaccination - Extended Flu Programme	0
Mass Covid-19 Vaccination / Vaccination - COVID-19	5550
Annual Leave Accrual - Increase due to Covid	0
Urgent & Emergency Care	30
Private Providers Adult Care / Support for Adult Social Care Providers	0
Hospices	0
Other Mental Health / Mental Health	0
Other Primary Care	0
Social Care	0
Other	0
Welsh Government Covid 19 Revenue Funding	11492

34. Other Information

34.3. Changes to accounting standards not yet effective - IFRS 16 Impact

IFRS 16 Leases supersedes IAS 17 Leases and is effective in the public sector from 1 April 2022. IFRS 16 provides a single lessee accounting model and requires a lessee to recognise right-of-use assets and liabilities for leases with a term more than 12 months unless the underlying value is of low value. The FReM makes two public sector adaptations

- The definition of a contract is expanded to include intra UK government agreements that are not legally enforceable;
- The definition of a contract is expanded to included agreements that have nil consideration.

IFRS 16 gives a narrower definition of a lease than IAS 17 and IFRIC 4 by requiring that assets and liabilities will be recognised initially at the discounted value of minimum lease payments. After initial recognition, right of use assets will be depreciated on a straight line basis and interest recognised on the liabilities. Except where modified for revaluation where material, the cost model will be applied to assets other than peppercorn leases which will be measured on a depreciated replacement cost basis. The right of use asset in a peppercorn lease is accounted for similarly to a donated asset.

As required by the FReM IFRS 16 will be implemented using the accumulated catch up method.

The right of use assets and leasing obligation have been calculated and indicated that the total discounted value of right of use assets and liabilities under IFRS 16 is lower than the value of minimum lease commitments under IAS 17 because of the discount factor. The impact of implementation is an

- increase/decrease in expenditure £22k;
- increase/decrease in assets and liabilities of £26k.

These figures are calculated before intercompany eliminations are made, these will not have a material impact on the figures.

Right of Use (RoU) Assets Impact

	Property £000	Non Property £000	Total £000
Statement of financial Position			
RoU Asset Recognition			
+ Transitioning Adjust	1,274	3,141	4,415
+ As at 1 April 2022	1,274	3,141	4,415
+ Renewal / New RoU Assets 2022-23			0
- Less (Depreciation)	(377)	(1,486)	(1,863)
+ As at 31 March	897	1,655	2,552
RoU Asset Liability			
	Property £000	Non Property £000	Total £000
- Transitioning Adjust	(1,397)	(2,992)	(4,389)
- As at 1 April 2022	(1,397)	(2,992)	(4,389)
- Renewal / New RoU Liability 2022-23			0
+ Working Capital	449	1,463	1,912
- Interest	(49)	(22)	(71)
- As at 31 March	(997)	(1,551)	(2,548)
Charges			
Expenditure			
	Property £000	Non Property £000	Total £000
RoU Asset DEL depreciation ⁽¹⁾	377	1,486	1,863
RoU Asset AME depreciation ⁽¹⁾	0	0	0
Interest on obligations under RoU Asset leases ⁽²⁾	49	22	71
	426	1,508	1,934

SHA

1 Other Operating Expenditure

2 Finance Costs

**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**

DIGITAL HEALTH AND CARE WALES

1. Digital Health and Care Wales (DHCW), a special health authority, shall prepare accounts for the financial period 30th December 2020 to 31st March 2022 and subsequent financial years in the form specified in paragraphs 2 to 4 below.

BASIS OF PREPARATION

2. The accounts of DHCW 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 Senedd Cymru - Welsh Parliament 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: 18/01/2022



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and Care Wales

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Tŷ Glan-yr-Afon
21 Cowbridge
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Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

14 June 2022

Final Letter of Representation

REPRESENTATIONS REGARDING THE 2021-22 FINANCIAL STATEMENTS

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Digital Health and Care Wales Special Health Authority for the period ended 31 March 2022 for the purpose of expressing an opinion on their truth and fairness, their proper preparation and the regularity of income and expenditure. We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

MANAGEMENT REPRESENTATIONS

Responsibilities

As Chief Executive and Accountable Officer I have fulfilled my responsibility for:

- Preparing the financial statements in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, I am required to:
 - observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
 - make judgements and estimates on a reasonable basis;
 - state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
 - prepare them on a going concern basis on the presumption that the services of Digital Health and Care Wales Special Health Authority will continue in operation.

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- Ensuring the regularity of any expenditure and other transactions incurred.
- The design, implementation and maintenance of internal control to prevent and detect error.

INFORMATION PROVIDED

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Digital Health and Care Wales Special Health Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

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- The identity of all related parties and all the related party relationships and transactions of which we are aware.
- Our knowledge of all possible and actual instances of irregular transactions.

FINANCIAL STATEMENT REPRESENTATIONS

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements. The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed. All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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REPRESENTATIONS BY THE SPECIAL HEALTH AUTHORITY BOARD

We acknowledge that the representations made by management, above, have been discussed with us. We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Special Health Authority on 14 June 2022. We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

: 14 June 2022

Signed by: Helen Thomas Chief Executive of Digital Health and Care Wales Special Health Authority Date: 14 June 2022 Date	Signed by: Simon Jones Chair of Digital Health and Care Wales Special Health Authority Date: 14 June 2022 Date
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DIGITAL HEALTH AND CARE WALES SPECIAL HEALTH AUTHORITY AUDIT OF ACCOUNTS REPORT (ISA260) AUTHORITY

Agenda Item	2.2
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	14 June 2022

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Claire Osmundsen-Little Executive Director of Finance & Business Assurance
Prepared By	Mark Cox Associate Director of Finance
Presented By	Mike Whitley – Audit Manager, Audit Wales

Purpose of the Report	For Noting
Recommendation The Audit Committee is being asked to: NOTE the draft Audit Of Accounts Report (ISA260) Digital Health And Care Wales Special Health Authority .	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

1 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	All Objectives apply
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CORPORATE RISK (ref if appropriate)	N/A
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<u>WELL-BEING OF FUTURE GENERATIONS ACT</u>	A healthier Wales
If more than one standard applies, please list below:	

<u>DHCW QUALITY STANDARDS</u>	N/A
N/A	

<u>HEALTH CARE STANDARD</u>	Governance, leadership and accountability
If more than one standard applies, please list below:	

<u>EQUALITY IMPACT ASSESSMENT STATEMENT</u>	Date of submission:
No, (detail included below as to reasoning)	Outcome:
N/A	

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
LEGAL IMPLICATIONS/IMPACT	No, there are no specific legal implications related to the activity outlined in this report.
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report
RESEARCH AND INNOVATION IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

Acronyms			
DHCW	Digital Health and Care Wales	SHA	Special Health Authority
AW	Audit Wales		

2 SITUATION/BACKGROUND

- 2.1 Audit Wales' Audit of DHCW Accounts Report at June 2022 is attached for the Committee's information and to support consideration of the annual accounts.

3 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 3.1 The report has been prepared as part of Audit Wales work undertaken in accordance with statutory functions.
- 3.2 We have now substantially completed this year's audit, but at the time of drafting it should be noted that this report, the following areas of work are outstanding:
- Property, Plant & Equipment and Intangible Assets;
 - Final review of the Accountability Report including the Annual Governance Statement, Remuneration Report; and
 - Our final stage review of the audit work coupled with our final review of the revised financial statements.

3.3 Proposed audit opinion

We intend to issue an unqualified audit opinion on this year's accounts once DHCW have provided us with a Letter of Representation based on that set out in Appendix 1 of the report. The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.

Amendments to the draft accounts as a consequence of our review are set out in Appendix 3 of the report, all have been accepted by DHCW.

4 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 4.1 The full report is included at item 2.2i Appendix A.

5 RECOMMENDATION

The Audit & Assurance Committee is asked to:

NOTE the Audit of Accounts Report for Digital Health and Care Wales Special Health Authority

6 APPROVAL/SCRUTINY ROUTE

APPROVAL/SCRUTINY ROUTE:

Person/Committee/Group who have received or considered this paper prior to this meeting

COMMITTEE OR GROUP	DATE	OUTCOME

Audit of Accounts Report – Digital Health and Care Wales Special Health Authority

Audit year: 2021-22

Date issued: June 2022

Document reference: 2991A2022

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gazebo yn Gymraeg yn arwain at oedi.

DRAFT

Contents

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

Audit of Accounts Report

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2021-22 accounts in this report.
- 2 We have already discussed these issues with the Executive Director of Finance and Associate Director of Finance.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £1.307 million for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Related Parties
 - Senior officers' remuneration
- 6 We have now substantially completed this year's audit, but at the time of drafting this report, the following areas of work are outstanding:
 - Property, Plant & Equipment and Intangible Assets;
 - Final review of the Accountability Report including the Annual Governance Statement and Remuneration Report; and
 - Our final stage review of the audit work coupled with our final review of the revised financial statements.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this year's audit

- 8 The COVID-19 pandemic has had a continuing impact on how our audit has been conducted. We summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

Exhibit 1 – impact of COVID-19 on this year’s audit

Timetable	<ul style="list-style-type: none">• The deadline for completing your accounts was 29 April 2022.• We received the draft accounts on 29 April 2022.• We expect your audit report to be signed on 15 June 2022.
Audit evidence	<p>We received the majority of audit evidence in electronic format. We have built on our experience of working remotely during the pandemic and have used various techniques to ensure audit evidence has been appropriate and sufficient to support our audit opinion.</p> <p>Specifically:</p> <ul style="list-style-type: none">• Officers provided audit evidence to the audit team via the Secure File Sharing Portal (a secure, web-based portal);• Officers were available via Teams for discussions, and for the sharing of on-screen information/evidence; and• Our Analytics Assisted Audit application was also used during the audit for risk assessing journals, carrying out financial statement tests and sampling populations. This application uses the Special Health Authority’s general ledger data provided independently by NWSSP which provides additional assurance over the transactions included within the financial statements.
Other	<ul style="list-style-type: none">• Video-conference-based Audit and Assurance Committee meetings have enabled us to proficiently discharge our responsibility for reporting to those charged with governance.

Proposed audit opinion

- 9 We intend to issue an unqualified audit opinion on this year’s accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 10 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 11 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 12 Our proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

Uncorrected misstatements

- 13 There are no misstatements identified in the accounts, which remain uncorrected, subject to the completion of the outstanding work set out in paragraph 6 above.

Corrected misstatements

- 14 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in Appendix 3.

Other significant issues arising from the audit

- 15 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year.

Recommendations

- 16 The recommendations arising from our audit are set out in **Appendix 4**. Management has responded to them and we will follow up progress against them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Appendix 1

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

14 June 2022

Representations regarding the 2021-22 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Digital Health and Care Wales Special Health Authority for the period ended 31 March 2022 for the purpose of expressing an opinion on their truth and fairness, their proper preparation and the regularity of income and expenditure.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

As Chief Executive and Accountable Officer I have fulfilled my responsibility for:

- Preparing the financial statements in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, I am required to:
 - observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
 - make judgements and estimates on a reasonable basis;
 - state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
 - prepare them on a going concern basis on the presumption that the services of Digital Health and Care Wales Special Health Authority will continue in operation.
- Ensuring the regularity of any expenditure and other transactions incurred.
- The design, implementation and maintenance of internal control to prevent and detect error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Digital Health and Care Wales Special Health Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.
- Our knowledge of all possible and actual instances of irregular transactions.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the Special Health Authority Board

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Special Health Authority on 14 June 2022.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Helen Thomas

Signed by:

Simon Jones

Chief Executive

Date: 14 June 2022

Chair of the Special Health Authority

Date: 14 June 2022

Appendix 2

Proposed Audit Report

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

Opinion on financial statements

I certify that I have audited the financial statements of Digital Health and Care Wales Special Health Authority for the period ended 31 March 2022 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Digital Health and Care Wales Special Health Authority as at 31 March 2022 and of its net operating costs for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Chief Executive is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report and Accountability Report has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report, Accountability Report and Annual Governance Statement.

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

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the audited entity's head of internal audit and those charged with governance, including obtaining and reviewing supporting

documentation relating to the Digital Health and Care Wales Special Health Authority's policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following area: management override;
 - Obtaining an understanding of Digital Health and Care Wales Special Health Authority's framework of authority as well as other legal and regulatory frameworks that Digital Health and Care Wales Special Health Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Digital Health and Care Wales Special Health Authority.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Assurance Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Digital Health and Health Care Wales's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Adrian Crompton
Auditor General for Wales
15 June 2022

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of Corrections Made

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£Nil impact on the overall financial position	Annual Governance Statement: Minor disclosure amendments have been made to the Annual Governance	To comply with the requirements of the Manual for Accounts
£Nil impact on the overall financial position	Statement of changes in taxpayers' equity: <ul style="list-style-type: none">General Fund: 'Transfers to/from Velindre' increase from £0 to (£37,705,000)General Fund: 'Net Welsh Government Funding' increase from £33,995,000 to £115,500,000.	To correctly reflect the transfer of balances from NWIS following Welsh Government review of the draft accounts.
£Nil impact on the overall financial position	Statement of cash flows: <ul style="list-style-type: none">Cash flows from financing activities: 'Welsh Government funding (including capital)' increase from £77,795,000 to £115,500,000Cash flows from financing activities: 'Cash transferred (to)/from other NHS bodies' increase from £0 to (£37,705,000)	To correctly reflect the transfer of balances from NWIS following Welsh Government review of the draft accounts.
£Nil impact on the overall financial position	Note 2.2 Capital Resource Performance: <ul style="list-style-type: none">Gross capital expenditure: increase from £10,963,000 to £38,835,000;	To correctly reflect the transfer of balances from NWIS following Welsh Government review of the draft accounts.

	<ul style="list-style-type: none"> Capital resource allocation: increase from £10,973,000 to £38,845,000 	
£Nil impact on the overall financial position	<p>Note 4 – Miscellaneous Income:</p> <ul style="list-style-type: none"> Other NHS Bodies: decreased from £108,000 to £4,000 Non-NHS – Other income from activities: increased from £778,000 to £883,000 	To correct the classification of income.
£Nil impact on the overall financial position	<p>Note 8 – Operating Leases:</p> <p>The total future minimum lease payments disclosed in Note 8 did not include an increased lease payment in respect of one property, that takes effect during 2022-23. This increased the total future minimum lease payments from £5,544,000 to £5,931,000, with the revised breakdown as follows:</p> <ul style="list-style-type: none"> Not later than one year: Increased by £36,000 from £2,327,000 to £2,363,000 Between one and five years: Increased by £180,000 from £2,950,000 to £3,130,000 After five years: Increased by £171,000 from £267,000 to £438,000 	To correctly reflect the total future minimum lease payments of operating leases disclosed in Note 8.
£5,673,000	<p>Note 11 – Property, Plant and Equipment and Note 12 – Intangible assets:</p> <p>Intangible assets under construction have been included in the Note 11 - PPE under "Assets under construction & payments on account", the intangible element of AUC should instead be included within Note 12 - Intangible non-current assets.</p> <ul style="list-style-type: none"> £5,448,000 "Assets under construction & payments on 	To correct the classification of intangible assets under construction.

	<p>account" will be moved from "additions - purchased" within Note 11 to an AUC column within Note 12</p> <ul style="list-style-type: none"> £225,000 will moved from "NBV at 1 April 2021" & "Cost or valuation at 1 April 2021" in Note 11 to the same column in Note 12. Property, plant and equipment will decrease and Intangible assets will increase by £5,673,000 on the Statement of Financial Position. 	
£Nil impact on the overall financial position	<p>Note 12 – Intangible assets:</p> <ul style="list-style-type: none"> NWIS to DHCW transfer adjustment: "Software (purchased)" decreased, and "Licences and trademarks" increased by £313,000. 	To correct the classification of licences and trademarks transferred from NWIS.
£Nil impact on the overall financial position	<p>Note 12 – Intangible assets:</p> <p>Software (internally generated): "Additions – purchased" decreased, and "Additions – internally generated" increased by £743,000.</p>	To correct the classification of intangible asset additions in Note 12.
£Nil impact on the overall financial position	<p>Note 11 – Property, Plant and Equipment:</p> <ul style="list-style-type: none"> Cost - Buildings, excluding dwellings: 'disposal' amended from £0 to (£44,000) Depreciation - Buildings, excluding dwellings: 'disposal' amended from £0 to (£44,000) Cost – Information Technology: 'disposal' amended from £0 to (£3,436,000) Depreciation - Information Technology: 'disposal' amended from £0 to (£3,436,000) 	To correctly disclose fully depreciated assets disposed of during the year.

	<p>Note 12 – Intangible assets:</p> <ul style="list-style-type: none"> • Cost – Software (purchased): ‘disposal’ amended from £0 to (£12,325,000) • Amortisation – Software (purchased): ‘disposal’ amended from £0 to (£12,325,000) • Cost – Software (internally generated): ‘disposal’ amended from £0 to (£55,000) • Amortisation – Software (internally generated): ‘disposal’ amended from £0 to (£55,000) • Cost – Licences and trademarks: ‘disposal’ amended from £0 to (£168,000) • Amortisation – Licences and trademarks: ‘disposal’ amended from £0 to (£168,000) 	
£Nil impact on the overall financial position	<p>Note 15 – Trade and other receivables:</p> <p>“Capital debtors – intangibles”: decreased, and “Other debtors” increased by £1,113,000</p>	To correct the analysis of debtors within Note 15.
£Nil impact on the overall financial position	<p>Note 22 – Capital Commitments:</p> <p>Contracted capital commitments in respect of intangible assets increased from £5,667,000 to £6,224,000.</p> <p>The total contracted capital commitments increased by the same amount from £5,694,000 to £6,251,000.</p>	To correctly disclose the value of contracted capital commitments within Note 22.
There have also been a number of minor amendments and disclosure updates as a result of our work.		

Appendix 4

Recommendations

We set out all the recommendations arising from our audit with management’s response to them. We will follow up these next year and include any outstanding issues in next year’s audit report:

Exhibit 4: matter arising 1

Matter arising 1 – Review of asset lives	
Findings	<p>Audit testing identified a significant number of assets that were fully depreciated, but still in use.</p> <p>The Special Health Authority have followed the guidance in Chapter 7 of the NHS Manual for Accounts, which suggests a useful life of 5 years for IT equipment. However, this is not definitive and bodies have the discretion to set a more appropriate life if there is evidence that a different life should apply.</p> <p>International Accounting Standard (IAS) 16 requires that the useful lives of existing assets that are not fully depreciated are subject to an annual review, with any lives adjusted as deemed necessary.</p>
Priority	Medium
Recommendation	That the useful lives of existing assets that are not fully depreciated are subject to an annual review and with any lives adjusted as deemed necessary.
Benefits of implementing the recommendation	Improve the accuracy of asset lives and the annual depreciation charges over the lives of the assets, to more accurately reflect asset usage.
Accepted in full by management	Yes

Management response	<p>DHCW previously taken the view to be consistent with its host organisation Velindre NHS Trust classification of the useful lives of assets.</p> <p>As a consequence of Audit Wales comments and the opportunity to revisit as an independent organisation, on the 26th May 2022, DHCW has commissioned a subgroup of the Capital and Non Pay delivery Group to complete a review and produce formal recommendations.</p>
Implementation date	<p>Final implementation of recommendations to be agreed at Capital and Non Pay Group on 21st July 2022.</p>



Audit Wales

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E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

DIGITAL HEALTH AND CARE WALES

END OF YEAR REPORTING – ANNUAL REPORT

2021/22

Agenda Item	2.3
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	14 June 2022

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Chris Darling, Board Secretary
Prepared By	Sophie Fuller, Head of Corporate Governance
Presented By	Chris Darling, Board Secretary

Purpose of the Report	For Approval
Recommendation	The Audit and Assurance Committee is being asked to: NOTE and ENDORSE the final version of the 2021/22 Annual Report to recommend it is approved by the Board prior to submission to the Welsh Government on the 15 June 2022 as part of the required annual reporting for 2021/22.

1 IMPACT ASSESSMENT

<u>STRATEGIC OBJECTIVE</u>	All Objectives apply
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CORPORATE RISK (ref if appropriate)	All
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<u>WELL-BEING OF FUTURE GENERATIONS ACT</u>	A Healthier Wales
If more than one standard applies, please list below:	

<u>DHCW QUALITY STANDARDS</u>	N/A
If more than one standard applies, please list below:	

<u>HEALTH CARE STANDARD</u>	Governance, leadership and accountability
If more than one standard applies, please list below:	

<u>EQUALITY IMPACT ASSESSMENT STATEMENT</u>	Date of submission: N/A
Yes, applicable	Outcome: N/A
Statement: An EQIA will be undertaken once approved.	

[Workforce EQIA page](#)

IMPACT ASSESSMENT	
<u>QUALITY AND SAFETY</u> IMPLICATIONS/IMPACT	Yes, please see detail below Evidence suggests there is correlation between governance behaviours in an organisation and the level of performance achieved at that same organisation. Therefore, ensuring good governance within the Special Health Authority supports quality and safety.
<u>LEGAL</u> IMPLICATIONS/IMPACT	No, there are no specific legal implications related to the activity outlined in this report.
<u>FINANCIAL</u> IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
<u>WORKFORCE</u> IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
<u>SOCIO ECONOMIC</u> IMPLICATION/IMPACT	Yes, please detail below The Annual Report should highlight any areas of improvement in relation to socio economic duty
<u>RESEARCH AND INNOVATION</u> IMPLICATION/IMPACT	No, there is no specific research and innovation implications relating to the activity outlined within this report

Acronyms			
DHCW	Digital Health and Care Wales	SHA	Special Health Authority
MfA	The Manual for Accounts	NHS	National Health Service
AGM	Annual General Meeting		

2 SITUATION/BACKGROUND

- 2.1 The SHA is required to submit its Annual Report including its Accountability Report to Welsh Government following the commencement of the new financial year, after which the documents are to be received at its Annual General Meeting.
- 2.2 This will be the first year DHCW will submit an Annual Report as a statutory body due to Welsh Government by 15 June 2022.
- 2.3 The Manual for Accounts (MfA) sets out that all NHS organisations are required to publish as a single unified document, a three-part Annual Report and Accounts which includes:
- The Performance Report
 - The Accountability Report
 - The Financial Statements
- 2.4 The Performance Report provides information on the entity, its main objectives and strategies and the principal risks it faces. The performance report must provide a fair, balanced and understandable analysis of the entity's performance, in line with the overarching requirement for the annual report and accounts to be fair, balanced and understandable.
- The Performance Report was a collaborative effort developed by staff across the organisation and will form the basis for the information shared at the Annual General Meeting and provide an overview of DHCW performance to our wider stakeholders.
- 2.5 The Accountability Report is designed to meet the key requirements for reporting to Welsh Government and comprises of the following elements:
- Corporate Governance Report
 - Remuneration and Staff Report and
 - A National Assembly for Wales Accountability and Audit Report
- 2.6 The Financial Statements comprises of the audited Annual Accounts, this work was undertaken by finance colleagues and is to be received by this extraordinary meeting of the Audit and Assurance Committee on the morning of the 14 June 2022.
- 2.7 The Annual Report has been shared with Board members for comment and input, and a draft Annual Report including draft Performance Report Overview, Accountability Report and draft Remuneration Report was submitted to Welsh Government and Audit Wales on the 6 May

2022. The draft account progress paper was received by the Audit and Assurance Committee on the 24 May 2022 for noting.

- 2.8 Feedback from Welsh Government, Audit Wales and Internal Audit on the draft Annual Report and Accounts 2021/22 has been received and all comments and feedback addressed in the final Annual Report 2021/22.
- 2.9 In reviewing the Annual Report, financial statements and associated documentation, the Audit and Assurance Committee needs to consider the work carried out throughout the year by internal audit and counter fraud. Particular reference therefore should be made to the opinion provided by the Head of Internal Audit as part of their Head of Internal Audit Opinion and Annual Report 2021/22.

3 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 3.1 The Audit and Assurance Committee has a key role in reviewing the Annual Report and Accounts and associated documentation and making a recommendation to the SHA Board for their approval.

- 3.2 AGM – 28 July 16:00-18:00

The Annual General Meeting (AGM) is planned for the Thursday 28 July 2022, the information from the Annual Report will be shared with the public, giving an opportunity for reflection, celebration and identification of key learning points for the future.

The event will be held virtually with advertising underway via our social channels. It's important to provide the public with an opportunity to ask questions about our performance and financial position, which will be collated ahead of the AGM and time allocated within the session to address these in full.

4 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 4.1 There is no requirement for 2021/22 to produce a separate annual quality statement or a sustainability report.
- 4.2 The Annual Report is included at item 2.3i Appendix A.

5 RECOMMENDATION

The Audit and Assurance Committee is being asked to:

NOTE and **ENDORSE** the final version of the 2021/22 Annual Report to recommend it is approved by the Board prior to submission to the Welsh Government on the 15 June 2022 as part of the required annual reporting for 2021/22.

6 APPROVAL / SCRUTINY ROUTE

Person / Committee / Group who have received or considered this paper prior to this meeting		
PERSON, COMMITTEE OR GROUP	DATE	OUTCOME
Weekly Directors	18.05.22	Reviewed
Management Board	16.05.22	Reviewed
Audit and Assurance Committee	14.06.22	TBC

ANNUAL REPORT 2021-22

Digital Health and Care **Wales**



GIG
CYMRU
NHS
WALES

Iechyd a Gofal
Digidol Cymru
Digital Health
and Care Wales

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DELIVERING DIGITAL FOR BETTER, CONNECTED CARE PERFORMANCE REPORT

FOREWORD

from Chair, [Simon Jones](#)

and CEO, [Helen Thomas](#)



We are pleased and immensely proud to present the first annual report from Digital Health and Care Wales (DHCW), which charts the progress made during the first 12 months of operation as a Special Health Authority.

Today's world is dependent on technology, and this review shows how the technical and data services and expertise of DHCW have a major part to play in delivering safe and sustainable healthcare for Welsh people.

Launched during unprecedented and challenging times, it has been truly inspirational to see the amazing dedication of DHCW staff who have worked tirelessly to establish our new organisation, to support the response to the pandemic and to deliver our digital priorities and strategic plan.

Whether it's been through the development of new systems to support testing and vaccine rollout or data tools to provide real-time information our work has helped to save lives.

During the year we have expanded and mobilised the integrated health record through new or refreshed systems. Hospitals in Wales now have a new, national pharmacy system, we began roll out of a new system for use in A&E, and we delivered the Welsh Nursing Care Record, which is revolutionising documentation for nurses.

The Welsh Clinical Portal is at the heart of connecting our healthcare services and we have added to its functionality and mobility, with access available via smartphones and tablets.

We are also supporting primary care through a new framework contract for the next generation GP computing.

At the same time, we have worked hard to make sure our infrastructure is fit for the new world with the expansion of bandwidth and the successful move to a new data centre combined with a shift to cloud services. We have published our Cloud Strategy including the cloud principles that we will follow.

Quality is a central part of our thinking. So, we were pleased to maintain our ISO quality standards and to embed quality standards across the organisation.

While technical adoption delivers so much that is good, it's not without risks from cyber-crime, which is an increasing threat across the world. In response, at the request of Welsh Government, we established a new Cyber Resilience Unit to safeguard and protect NHS Wales data and systems.

Our experiences during the first year of operation have underlined the vital role digital and data play in the health and care system and this has strengthened our commitment to working openly and collaboratively with our stakeholders and partners to ensure a common purpose and common plans as we move forward.

As a result of the pandemic our frontline colleagues have had to use digital differently and in doing so realised that technology and data are now vital to healthcare delivery. The pandemic response exploited and developed national vaccine and test and trace systems deployed at pace in a standard way across Wales. This offers a unique opportunity to build on digital progress and contribute to a positive future for health and care in Wales.

Putting people first is at the heart of what we do and why we are pleased to take forward an exciting new development – the Digital Services for Patients and Public programme. The aim is to transform how people in Wales access care and manage their own health and well-being. Initially, the programme is developing a gateway application (App), allowing people to select the digital health and care services they wish to use from their smartphones and other mobile devices, replacing outdated paper and system-centred processes. For example, being able to change their healthcare appointments online to a more convenient time or day.

Looking ahead, to ensure we have the talent needed to maintain essential infrastructure and to develop new services we have expanded our workforce and strengthened our technical capabilities. To continue to attract the skills we need, we remain passionate about nurturing our people and building a flexible and diverse workplace.

Our people are our organisation, they give us their knowledge, skills, expertise and ideas and they have our heartfelt thanks for their contribution during our first year. Thanks also to our interim Chair Bob Hudson for helping to establish the DHCW Board and a positive leadership for DHCW.

Thanks also to colleagues in Welsh Government and health boards for their support and collaboration, which has been instrumental in helping us achieve our goals.

This has been a truly remarkable year, not without its challenges, but a year that has set a firm foundation to enable DHCW to go forward as a trusted partner with an important part to play in the transformation of health and care in Wales.



KEY FACTS 2021 -2022



REMIT: ALL WALES

Key Responsibilities: Enabling digital transformation through design and architecture of digital building blocks, national digital systems development and support, national technical infrastructure, Cyber Security of the NHS system, national digital procurement, collecting and analysing data to deliver insights and intelligence products on behalf of NHS Wales

ANNUAL BUDGET

Total
£131m
funding



FLAGSHIP SERVICES ON PORTFOLIO



- Digital Health and Care Record
- Welsh Nursing Care Record
- Welsh Immunisation System, Welsh Pandemic Record and Covid-19 Digital Pass
- National Data Resource
- Electronic Referrals
- Welsh Hospital Pharmacy Stock Management System
- Welsh Patient Administration System
- Radiology Information Management System
- Welsh Laboratory Information Management System
- Welsh Community Care Information System
- Welsh Emergency Department System
- GP System Services
- eLibrary services for professionals
- Choose Pharmacy

NUMBER OF DIRECTLY EMPLOYED STAFF

969
employees



WHO WE WORK WITH

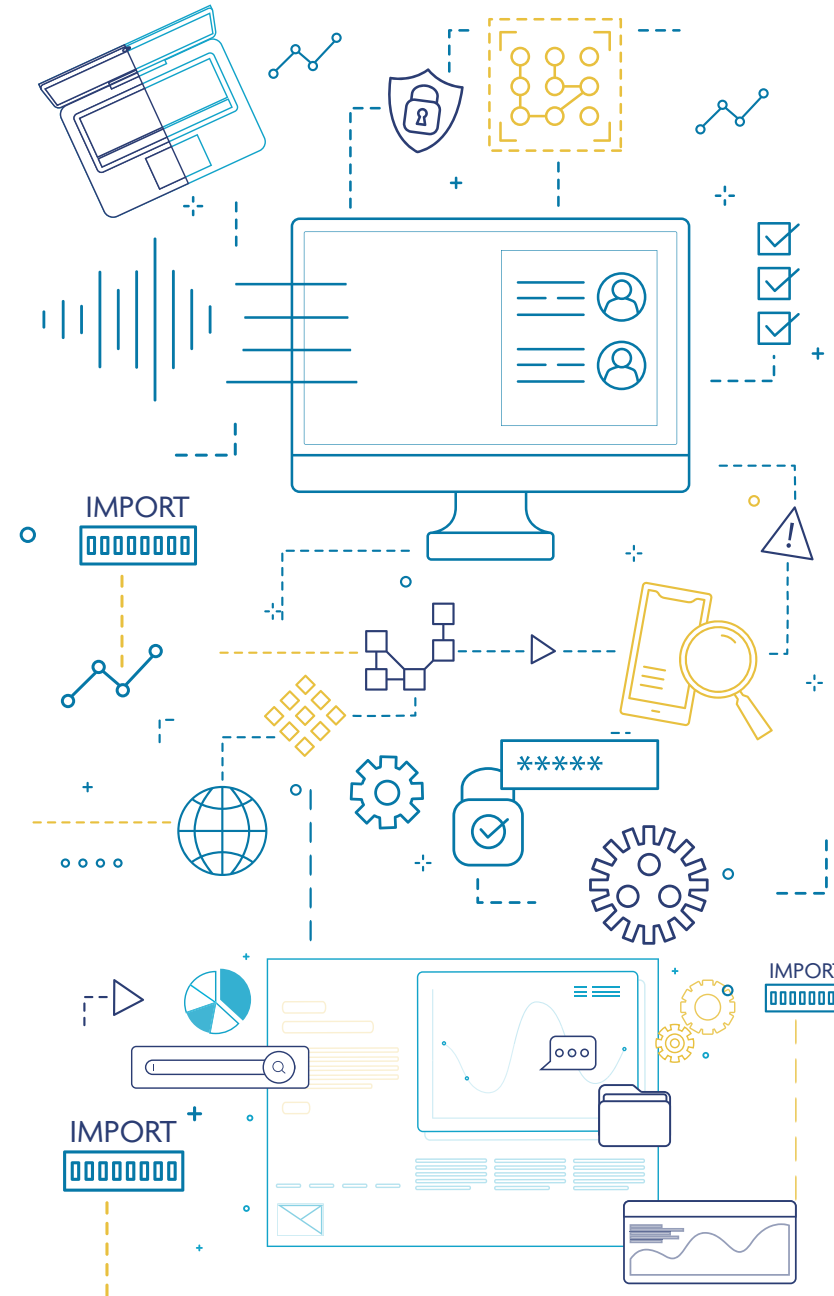
- Academic Institutions including University of South Wales, University of Wales Trinity Saint David and Swansea University
- Centre for Digital Public Services
- Colleagues across NHS Wales
- General Medical Council
- Industry partners
- Life Sciences Hub
- Local Authorities
- National Cyber Security Centre
- NEL Commissioning Support Unit
- NHS Digital
- Office of National Statistics
- Other relevant bodies across the devolved nations
- Royal College of Physicians
- Welsh Government
- Welsh Institute of Digital Information (WIDI)
- Wales Audit Office

WHO WE SUPPORT

We support all **Health Boards, Trusts, HEIW, NWSSP** and **GPs in NHS Wales**. We also support **community pharmacies, dentists, and prisons**.



OUR YEAR IN NUMBERS



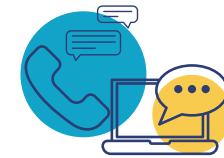
31,000 users of the **Digital Health and Care Record** (Welsh Clinical Portal)



Over **4,000** nurses using the **Welsh Nursing Care Record**

We realised over **£2 million** of cash avoidance and cash releasing **savings on our commercial contracts**

205,000 calls to our **Service Desk**



372 attendees of internal **training and development programmes**

972 learning hours undertaken on our technical e-learning platform since September 2022

14,000 users of the **Welsh Community Care Information Centre**

We've increased our headcount by **158 people** to support development of new digital services

1,710 users of the **Welsh Hospital Pharmacy Stock Control System**



100 Operational services used daily by healthcare staff

57 members of staff supported to undertake **professional qualifications and degrees**



7 million COVID-19 vaccinations enabled by the **Welsh Immunisation System**

30 million diagnostic tests managed digitally

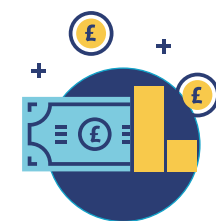


Over **35,500** users of the **Patient Administration System**

5,000 users of the **Welsh Laboratory Information Management System** to manage pathology tests and results

180 contracts with **93** different suppliers

£127 million was awarded in contracts in the year



OUR VISION...

To provide world leading digital services, empowering people to live healthier lives

WHO WE ARE AND WHAT WE DO



Digital Health and Care Wales is a new Special Health Authority with an important role in transforming the way health and care services are delivered.

Established under statute on 1 April 2021, the majority of our funding comes from Welsh Government.

We work closely and in partnership with health boards and trusts, primary care, social care, life sciences, industry and academia to deliver the next generation of digital and data services for the people of Wales.

Our aims are to make it easier for staff to deliver care and to enable better patient outcomes and experiences.

OUR PURPOSE...

To transform health and care for everyone in Wales

OUR ORGANISATION

As at 31 March 2022 we employed 969 people with 944 whole time equivalent (WTE) staff divided across six directorates. We recruited 158 people externally and 179 people moved to new opportunities internally during the past 12 months. Due to the ongoing pandemic the majority of staff continued to work remotely.

Our 2021/22 directorates:

- Applications Development and Support
- Clinical
- Corporate Governance and Communications
- Engagement and Transformation
- Finance and Business Assurance
- Information and Communications Technology

As a new organisation we spent time during the first year to consolidate our vision for the future, developing a strategic plan to make this possible and to support the priorities of the Welsh health and care system.

We also worked with speed and agility to develop and enhance products to support the pandemic and the longer term aims of digital transformation.

As a key part of the NHS Wales family our work has demonstrable impact, as seen through the 100 plus operational services used daily by thousands of staff to deliver health and care.

OUR ROLE IS TO



Support health and care frontline staff with high-quality modern systems and secure access to information about their patients, available wherever they want to work



Deliver new digital solutions that help clinical staff care for patients, including new digital services for nurses, critical care units, hospital pharmacy, prescribing and medicines management and community care



Use data to provide insight and improve outcomes and support how health and care services are delivered and accessed by patients



Help Welsh people manage their own health and recovery from illness by putting health services in their pocket. Giving people access to their own digital health record and apps from any device making it easier to connect with health and care services



Combat cybercrime supported by a dedicated cyber resilience unit



Use digital and data standards to allow for faster development and delivery of digital services



Protect valuable data assets by modernising data storage and adopting a 'cloud-first' policy



Provide the resilient technical infrastructure and platform needed, using the highest standards of security, to enable the delivery of digital and data services for health and care in Wales

STRATEGIC PRIORITIES

Enabling Digital Transformation

We enable digital transformation by building on our foundations of data protection, infrastructure and information availability and flow - opening up our architecture to enable faster, consistent sharing of data with partners and suppliers

Delivering high quality technology, data products and services

As technology and the needs of health and care evolve, we are developing and delivering standardised services to Wales' health and care providers, as well as rapidly standing up new services to cope with unforeseen situations, such as the Covid-19 pandemic.

Expanding the content, availability and functionality of the digital health and care record

Clinical and health care information for citizens in Wales is accessible to their care providers through the digital health and care record. Moving forward more elements of the record will become available directly to citizens.

Driving value and innovation for better outcomes and value-based care

The need for accurate data for insight and analytics is more important than ever to improve health and care, and to use data in ways that are safe and uncompromising. This includes creating a data-driven system that supports value in healthcare through timely information to support decision making and better outcomes.

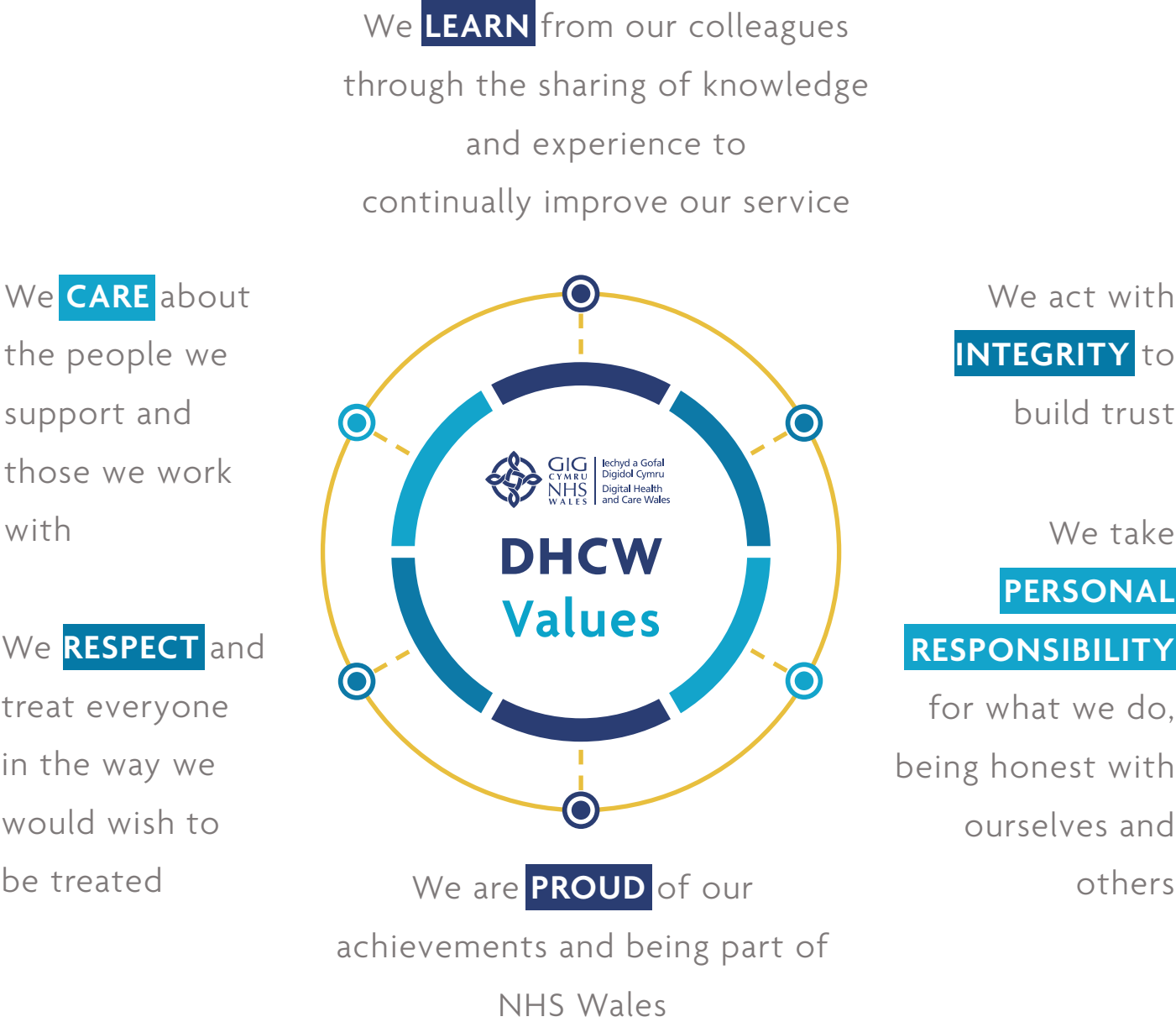
Becoming the trusted strategic partner and a high performing, inclusive, ambitious organisation supporting our workforce and stakeholders

Being a trusted organisation is key to successful delivery of the DHCW vision and achieving all that is expected of us.



HOW WE DO IT

OUR CULTURE, VALUES AND BEHAVIOURS



DHCW aims to be an excellent employer and a great place to work.

Our leaders are challenged to be emotionally intelligent, to embrace change and seek out innovation and continuous improvement to deliver the outcomes our partners and users value and want, inspiring and encouraging their teams to do the same.

Throughout the year our leaders have continued to deliver great performance, through a focus on personal resilience, resourcefulness and agility, so their teams are equipped to deliver high quality services. To date we have developed and delivered several bespoke programmes such as Managing with Impact, a bespoke Managers Induction Programme and Leading Hybrid Teams.

We are committed to a great working environment and for staff to have a clear understanding of the part they play to achieve our vision and outcomes and to deliver an unrivalled user experience.

We are proud of our inclusive and diverse culture that values difference. A culture where our people are supported by their managers and empowered to ensure that their voice is heard. We are committed to ensuring we are not only compliant with legislation but that the organisation is value driven.

WORKFORCE PLANNING AND TRAINING

To deliver our organisational commitments we need a strong, flexible and skilled workforce. There are now in place targeted attraction and recruitment activities to increase staff numbers which includes:

- increased collaboration with the education sector and a wide range of Welsh universities
- attendance at jobs fairs
- designing and delivering our own organisational virtual careers events

Work was also undertaken in 2021/22 to review gender pay gaps, reduce inequality of outcomes and identify workforce development needs.

A key element in workforce planning is succession planning, growing the future generation of talent and developing the people we have here now, as well as supporting learning and development at all career stages of our current and potential workforce. This ranges from School leavers to University Graduates as well those individuals looking to move their careers and progress with their career ambitions.

We are committed to being a digital leader and raising the profile of the organisation through the promotion of key partnerships was a priority throughout 2021/22. A number of our staff are undertaking higher education and professional qualifications:

- three members of staff undertaking PHD research
- ten members of staff studying for their masters
- forty-two members of staff are enrolled on the Digital Degree course with seven signing up this year

Since 2018, 98 apprentices have enrolled on Health Informatics Level 3/4 (10 in DHCW and 88 All Wales) and 107 are undertaking the Digital Degree (42 in DHCW and 65 All Wales). This year, 8 signed up for Digital Degree (7 from DHCW and 1 from Hywel Dda).

During the year the technical e-learning platform procured by workforce colleagues on behalf of the organisation has been well used with 263 of the 379 licences issued being actively used to support upskilling and reskilling existing technical team.

There has been 972 learning hours undertaken since September 2021 to May 2022. The two top programmes include Development Tools (Development Operations Course) and Cloud Basics to support the strategic direction of the organisation, increase retention and grow our talent within DHCW, these have received positive feedback.



WELL-BEING AND NEW WAYS OF WORKING

With many staff working remotely for the last two years the value of health and well-being is paramount and staff are supported by their managers and our Health and Well-being and Safety, Health and Estates groups. We supported staff who wanted to work from the office for wellbeing reasons in a safe and managed way

One outcome from the pandemic is that we have demonstrated that we can work differently and effectively in challenging circumstances. This has informed our thinking on how we embrace new ways of working using the power of digital and has provided an opportunity to review our Estates Strategy to support hybrid working and our decarbonisation agenda.

Our offices were re-designed throughout the year in line with Welsh Government guidelines to create a safe working environment and to embrace the flexibility of hybrid working as staff return to the office.

We have also engaged external expertise as required, building on the successful industry partnerships established in 2020-21. These proved material to the successful roll out of Office 365 the Test, Trace, Protect (TTP) and vaccine developments.

Using our Dynamic Purchasing System has enabled maximum opportunities for Welsh businesses to work with us to expedite delivery and share innovation and ideas.

LOCAL PARTNERSHIP FORUM

Relationships with our Trade Union partners is extremely positive. We have a well- established Local Partnership Forum which was formally established as an advisory group of the Board during 2021/22, it meets bi-monthly and is jointly chaired by our Chief Executive and Associate Board Member (Trade Unions) representing our staff. It provides an opportunity for management and staff side representatives to discuss pertinent and strategic issues to the DHCW workforce.



ANNUAL PLANNING FRAMEWORK 2021-2022

The Welsh Government Annual Planning Framework was issued in December 2020 setting out ministerial priorities and enablers. The DHCW Annual plan subsequently prioritised these within our delivery plans.

DHCW, along with other NHS bodies, was required by Welsh Government to produce an Annual Plan for 2021/22 rather than a full three year Integrated Medium Term plan, due to the uncertain environment dealing with the Covid-19 pandemic.

This was submitted in March 2021 and updated for submission to Welsh Government in June 2021 and approved by the new SHA Board. It did not require ministerial approval but feedback was provided in a parameter letter in October 2021. The following areas were noted as points to develop further:

- Seek to strengthen engagement with health boards to deliver own plan effectively and the digital agenda for NHS Wales as a whole
- Ensure actions going forward build on new ways of working implemented during the pandemic
- Consider the need to mitigate on digital workforce shortages

In response we re-energised our executive engagement sessions with NHS Wales partner organisations along with regular attendance on professional peer groups and national programme and project boards.

We also developed a stakeholder engagement strategy which was approved by the Board in September 2021 and are working with NHS Wales colleagues to arrive at a transparent joint national plan applying learning from the digital COVID-19 response based on agility and speed to our product lines.

To address the digital workforce challenges we introduced a number of recruitment initiatives.

- expanding the apprenticeships schemes available
- targeted social media job advertising
- Maintaining current positive relationships and building further relationships with our education and academic partners
- commitment to further virtual jobs fairs and development of new innovative practice to attraction, recruitment and contracting

Priority 1

PREVENTION

- Scaling up and enhance our digital offerings around Covid -19 contact tracing (6.01)
- Enhancing and rolling out our Welsh Immunisation System (6.02)
- Ensuring Covid-19 systems are sustainable, supported and funded (6.03)
- Support the increasing requirements to deliver flows of Covid-19 testing data to new users, across borders, integrate with new systems and develop a Welsh Pandemic Record (6.04)
- Building on the Covid-19 business intelligence successes to extend our value from data offerings (6.05)
- Progress any planned enhancement or transfer of Screening systems whilst sharing screening results with other systems nationally (6.06)

Priority 2

REDUCING HEALTH EQUALITIES

- Continue to support the requirements of the COVID-19 response with necessary developments around data, analysis and reporting (11.01)
- Expand the analyses of data in relation to Essential Services provision (11.02)
- Continue the support and development of products in support of the Value in Health Programme, utilising the developing standards for Patient Recorded Outcome Measures (PROMs). (11.03)

Priority 3

PRIMARY AND COMMUNITY

- Complete the procurement of a new Framework for GP systems to provide system choice and enable the transfer of data rich patient records between GP Practices whilst looking to future alignment with the open digital health platform (7.01)
- Continue to support the roll out and platform upgrade of the Community system including the mobile version (7.02)
- Join up further the systems communicating across primary, community and hospital settings, including pharmacy teams benefiting from further electronic integration with other services and eye care (7.03)
- Complete the integration of the Dental E-referral Management System with the Welsh Patient Referral Service enabling Dentists to refer seamlessly to secondary care systems. (7.04)
- Gather informatics requirements and modernise information availability around primary care services including those working in geographical localities called clusters, where health and care partners collaborate to understand local needs (7.06)

Priority 4

TIMELY ACCESS TO ESSENTIAL SERVICES

- Support the modernisation of outpatients through redefining patient contacts and risk stratification , electronic referral prioritisation, and providing digital solutions to support alternatives to outpatient appointments such as advice between primary and secondary care clinicians (8.01)
- Support referral pathway efficiencies from hospital to hospital with our patient referral solution (8.02)
- Roll out a system to support digitalisation of Intensive Care across Wales (8.03)
- Roll out the Welsh Emergency Department System across Wales (8.04)
- Further support remote working for healthcare professionals accessing data from anywhere and anytime, including expansion of both the mobile version of the digital health and care record and Office 365 (4.06)

Priority 5

MENTAL HEALTH

- Work to continue on agreeing data sets for community care including a mental health data set, and business intelligence dashboard linking health with social care data (7.05)
- Continue to support the roll out and platform upgrade of the Community system including the mobile version (7.02)
- Support Clinical plans and NHS professionals by enabling recording and linking data within the national architecture and access to clinical documents and knowledge bases including mental health e-forms (4.02)

Priority 6

DECARBONISATION

- As part of our wider sustainability vision, we are committed to reduce our carbon footprint and save energy across all sites supported by our Carbon Footprint methodology and dashboard. We will derive further benefits from digital working, e.g. less travelling

Priority 7

SOCIAL PARTNERSHIP

- We will include our response to the Social Partnership Act as part of our wider approach to the Well-being of Future Generations Act and sustainable development. We commit to signing the Digital Inclusion Charter

HARM FROM COVID ITSELF	HARM FROM OVER-WHELMED SYSTEM
HARM FROM REDUCED NON COVID ACTIVITY	HARM FROM WIDER SOCIETAL ACTIONS

GOVERNANCE

Governance is the external framework and internal controls and monitoring that oversee our organisation and help us to deliver our objectives.

Our Board is established in according to the DHCW Establishment and Membership Order 2020 and consists of an independent chair and vice-chair, five additional independent members, a Chief Executive, not more than four additional executive directors and up to three associate members.

Details of the DHCW Board roles and the vacancies for 21/22 can be found in the [Annual Governance Statement](#).

As a new organisation, work to establish governance structures to support the Board and its committee structures (details of which can be found in the Annual Governance Statement) has been rapid but continuously validated. Findings from an audit by NHS Wales Share Services Partnership reported to the Audit and Assurance Committee in January 2022 'substantial assurance' for governance arrangements.

Significant communications about the new governance structures have taken place across all areas of the organisation.

ORGANISATIONAL RISK AND GOVERNANCE

Managing risk is a critical for all organisations and has a dual role in identifying opportunities and potential risks.

In 2021/22 the DHCW Board approved the Risk and Board Assurance Framework strategy, setting out the organisational approach to principal risks to the strategic objectives and how the Board will receive assurance on those principle risks.

This strategy is supported by an organisation wide risk management system which enables and empowers staff to identify, assess, manage and where necessary escalate risks to DHCW. More details of this can be found in the [Annual Governance Statement](#).

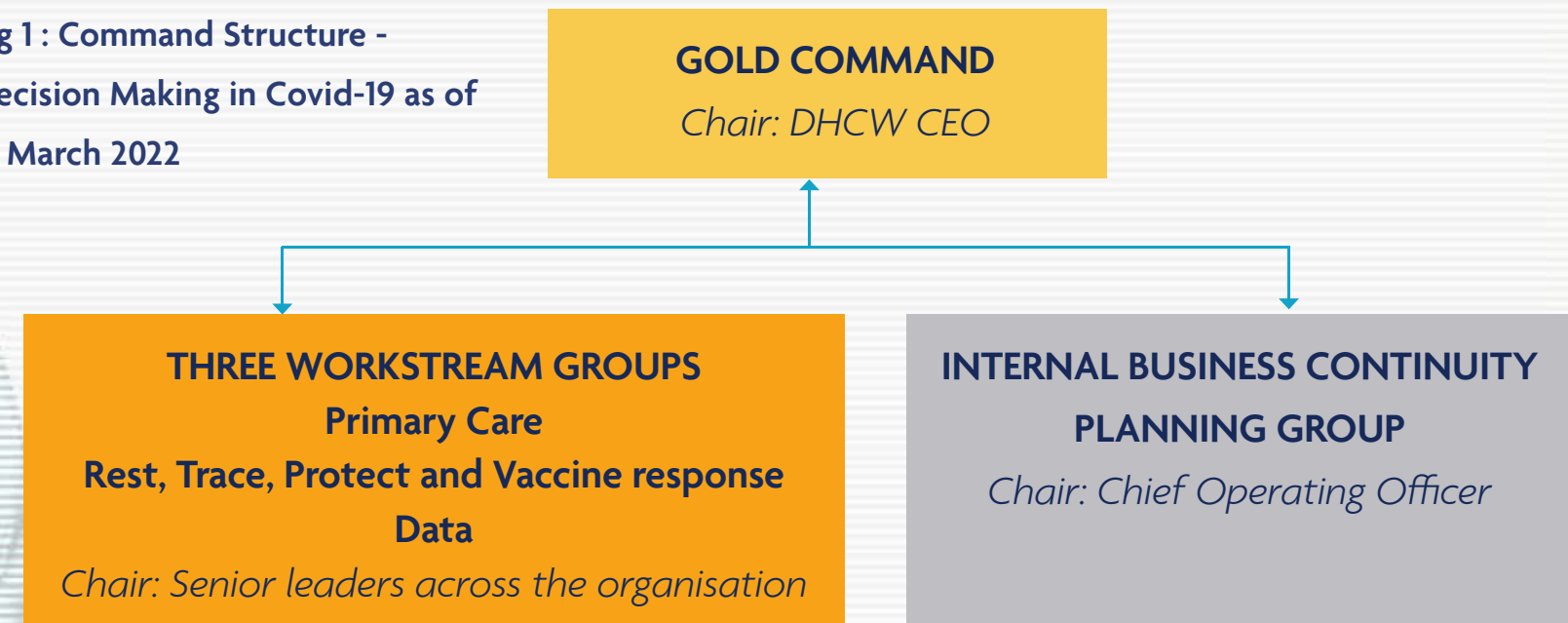


GOVERNANCE IN COVID-19

To ensure our organisation was able to respond effectively to the changes introduced in response to the pandemic, the existing Emergency Response Command Structure was ratified at the inaugural meeting of the DHCW Board on **1 April 2021**. Throughout the year the command structure evolved in response to the needs of the pandemic and was used to aid an agile response through rapid decision-making structures.

All decisions taken within the command structure were made within the scheme of delegation approved by the Board on the 1st April 2021 and Gold Command decisions requiring organisational oversight were reported to Management Board.

**Fig 1 : Command Structure -
Decision Making in Covid-19 as of
31 March 2022**



BUSINESS CONTINUITY

DHCW have a Business Continuity Plan that is overseen operationally by the Business Continuity Planning Group who meet on a bi-weekly basis as part of the command structure in response to the pandemic, this plan takes into account emergency preparedness requirements in response to Major Incidents as well as all requirements set out within the Civil Contingencies Act 2004.

Predominantly our business continuity response in 2021/22 has focused on our response to the pandemic which included mobilising home working, continued national service availability, national infrastructure support and heightened cyber security risk as a result of the Ukraine/Russia conflict.

We continue to prioritise business continuity and have run tabletop exercises and simulations to test our preparedness. This information was reported to Welsh Government as part of the Health Emergency Planning Annual Report for 2021.

OPERATING CONTEXT

Our plans and objectives are underpinned by legal and policy documents. These include

A Healthier Wales – the Welsh Government long-term plan for Health and Social Care, it embraces the principle of prudent healthcare and sets out an ambitious plan for a whole system revolution and context for NHS organisations plans for the future.

Link to [A Healthier Wales](#)

Digital Strategy for Wales – sets out Welsh Government’s national vision for jointly adopting a digital approach with the aim of modernising public services to increase efficiencies, an improved experience for citizens and to support innovation and business development in Wales.

Link to [Digital Strategy for Wales](#)

WELLBEING OF FUTURE GENERATIONS (WALES) ACT 2015

Our strategic Well-being Objectives

Embed a sustainable culture to limit the impact on the environment.

Actively promote the use of the Welsh language.

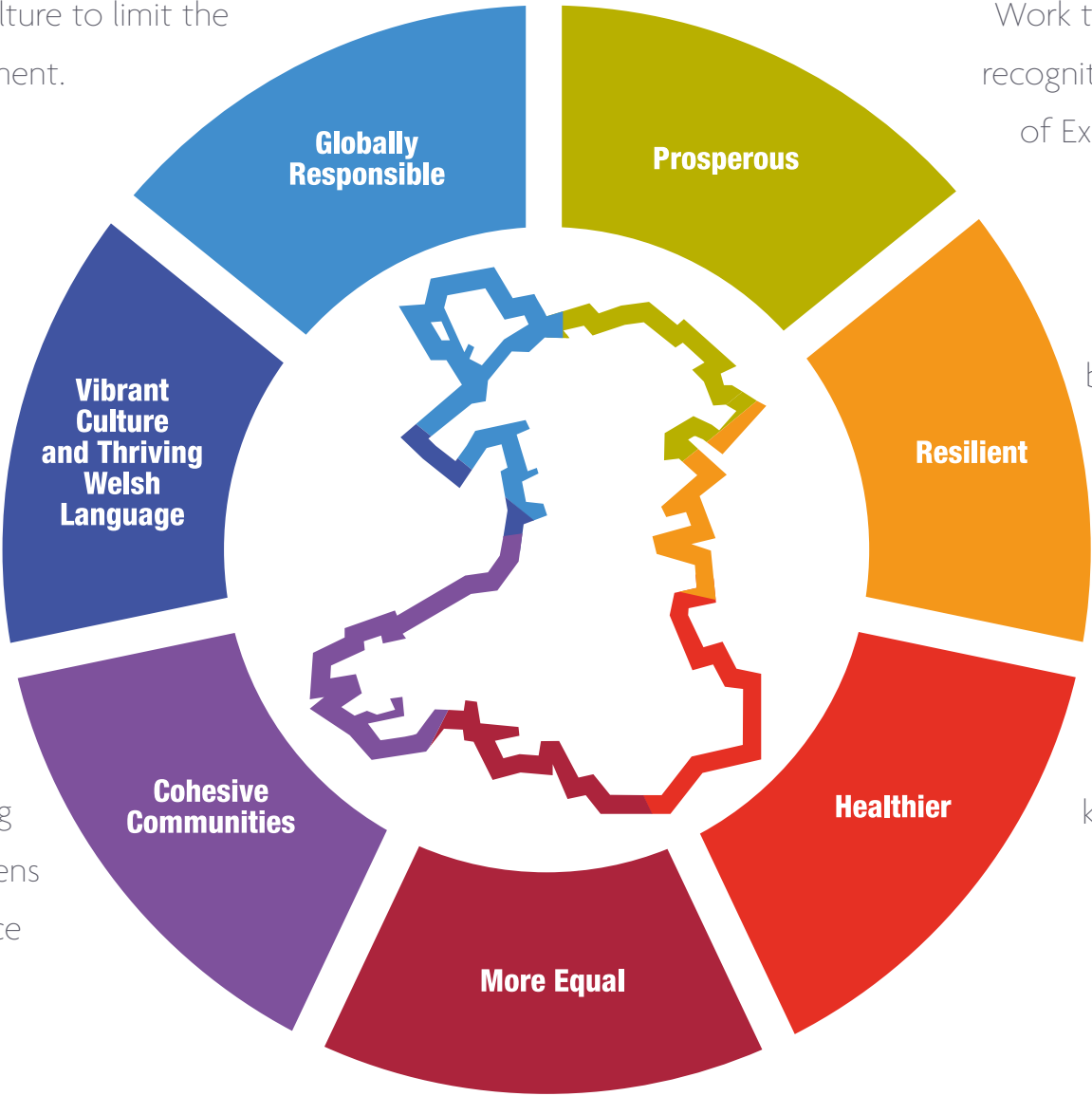
Promote a culture of volunteering by creating the conditions for citizens to share their experience and to learn new skills.

Attract and develop skill and provide opportunities for existing and future generations.

Work to strengthen the international recognition of NHS Wales as a Centre of Excellence for digital innovation.

Improve the health and well-being of the citizens of Wales, helping to sustain a healthy, productive population that contributes to society.

Support the sharing of expert knowledge so that the citizens of Wales are better able to access the best possible healthcare when they need it.



Digital solutions and services contribute to the implementation of the Wellbeing of Future Generations (Wales) Act 2015, which requires public bodies in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other, and to prevent persistent problems such as poverty, health inequalities and climate change.

Our role aligns to the digital needs of A Healthier Wales - one of the seven core well-being goals of the Future Generations Act, and Welsh Government’s long-term plan for Health and Social Care; the other well-being goals also resonate with our approach and will continue to be developed moving forward.

Throughout the year we have reviewed progress against activities within each objective and identified additional activities where necessary. Some of the key achievements during 2021/22 are:

Healthier: We have accelerated the digital transformation of health and care in NHS Wales as the trusted delivery partner for digital health and care services.	Healthier: We have undertaken collaborative design and added new capabilities to the Digital Health and Care Record, including delivering on the eleven portfolios and enablers that underpin our IMTP.	Resilient: We have worked with our delivery partners on the plan for Digital Services for Patients and the Public, including the NHS Wales bi-lingual app, which will support the citizens of Wales to take a more active role in their own health and well-being.
Globally Responsible: We have developed our Decarbonisation Strategic Delivery Plan.	Healthier: A significant programme of organisational development is underway as part of our strategic approach as a new Special Health Authority.	More equal: We have continued to promote and support activities that celebrate diversity and inclusion.
Vibrant culture: We have continued to promote and support use of the Welsh language and appointed a full time Welsh Language Services Manager.	Prosperous: We have worked on an all-Wales basis to share best practice and embrace partnership working, including social partnerships.	More equal: We have worked with Welsh Government to complete the Digital Workforce Review across NHS Wales.
Globally Responsible: DHCW have further reduced carbon emissions in 2021/22.		

PERFORMANCE SUMMARY

In March 2020 the Integrated Medium Term Plan planning process was paused with Welsh Government requesting quarterly plans for 2020-21, for 2021-22 the Planning and Delivery framework requested delivery of an Annual Plan. DHCW's approved Annual Plan 2021-22 included the delivery plan of our 5 strategic objectives previously detailed in the [strategic priorities](#) section.

Performance management is an integral part of ensuring value for money for the people of Wales.

Throughout our first year we continued to develop our performance management approach, working closely with our Board and senior leaders to refine the content and narrative of performance reporting, including our plan, workforce, operational service management, performance and quality.

Our Performance Management Framework describes our proportionate approach to making continuous improvements to delivery across the organisation, in line with the principles of compassionate leadership.

Performance is centred on three main areas

Plans which clearly articulate the requirements and expected outcomes to which people, teams and departments will deliver

The **resources** required to deliver the plans and achieve the outcomes

The **outcomes** of achieved plans, and how they relate to the development of the individual, team, department or organisation

WHAT WE ACHIEVED IN 2021-2022

During our first year as a Special Health Authority, we strengthened partnerships with Welsh Government, Local Health Boards, NHS Trusts, Health Education and Improvement Wales, Special Health Authority, NHS Wales Shared Services Partnership, primary care and other organisations including Local Authorities to support the NHS Wales response to the COVID-19 pandemic. At the same time, we continued to maintain and develop core national digital infrastructure and systems. It is this level of collaboration which we take forward into 2022-23.

Fig 2 - Performance Management Framework
Information Flow Outline

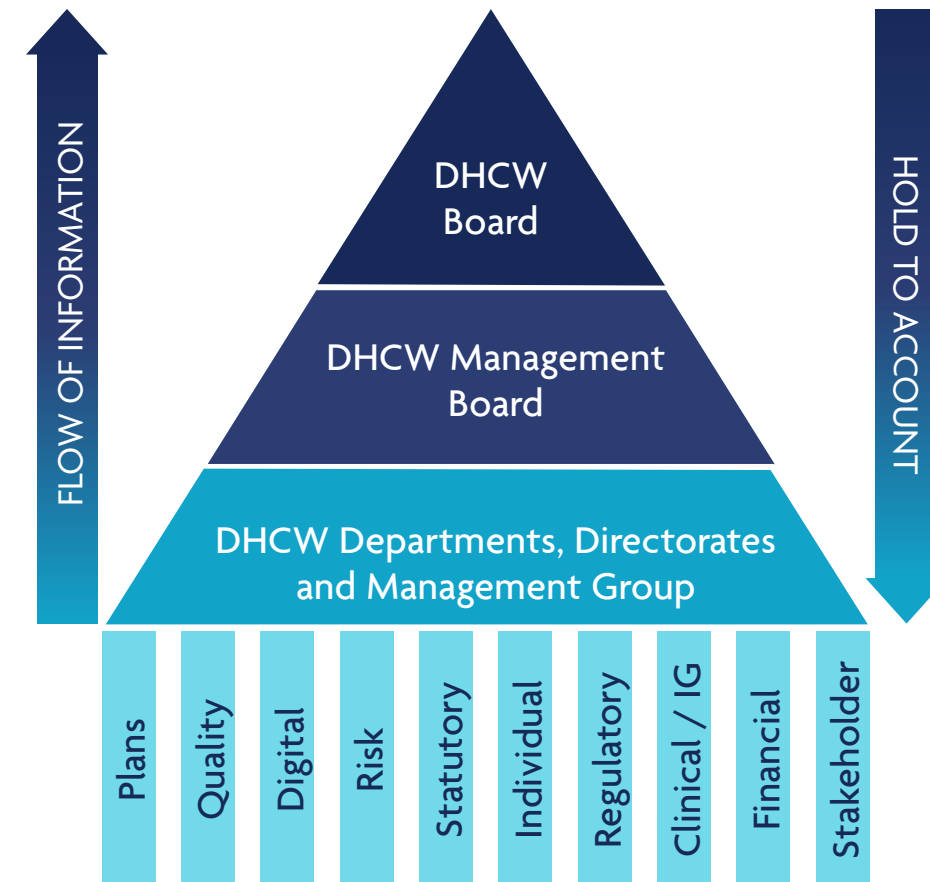
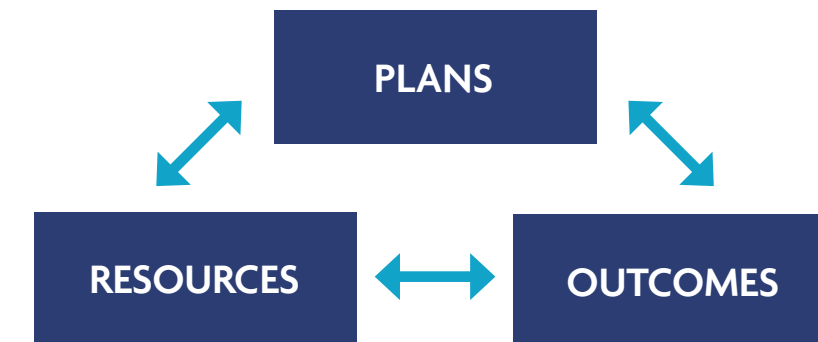


Fig 3 - Performance Framework Focus



PERFORMANCE ANALYSIS

SUPPORTING THE PANDEMIC RESPONSE

Digital systems were pivotal in delivering Wales vaccine programme.

By the end of March 2022, the world-leading Welsh Immunisation System (WIS), had supported the administration of nearly 7 million vaccines.

The scale and pace of agile delivery work by the WIS development team was described as ‘a game changer’ and critical to the success of the vaccine programme.



In October 2021, Grant Davies, Head of Planning and Performance for the Aneurin Bevan Mass Vaccination Program, gave feedback to the DHCW Board commenting that it was *“a paradigm shift, really, in the ability to deliver such a complex program at such scale and pace.”*

He said: *“In my role and for my counterparts in other health boards, we’re ultimately responsible for ensuring that multiple offers of vaccinations are made to a whole population equitably, within set criteria and set time frames, needing to consider numerous risks and age factors across multiple sites. Integrating four different phases of the vaccination course and ensuring that each vaccination is recorded accurately, which enables additional scheduling in line with intervals that are set and sometimes amended by the Joint Committee on Vaccination and Immunisation (JCBI).”*

Continuous development and modification of the system to meet changing requirements allowed it to support Wales’ accelerated booster programme and make data available for the COVID-19 Pass, which provides citizens with a record of their vaccinations.

The WIS system delivers near live vaccine data and intelligence, allows sessions to be configured based on priority group and need and creates a vaccine record. It uses information on patient demographics, occupation groups and agreed vaccination priority levels, to allow healthcare professionals to schedule appointments for patients. It can create appointment slots and record details about each vaccination for every COVID-19 vaccine administered in Wales.

With the need for citizens to provide proof of vaccination, delivery of the Covid-19 Vaccine Pass (Wales solution) and a digital interface with NHS England was a critical development and contributed to the ongoing management of the pandemic.



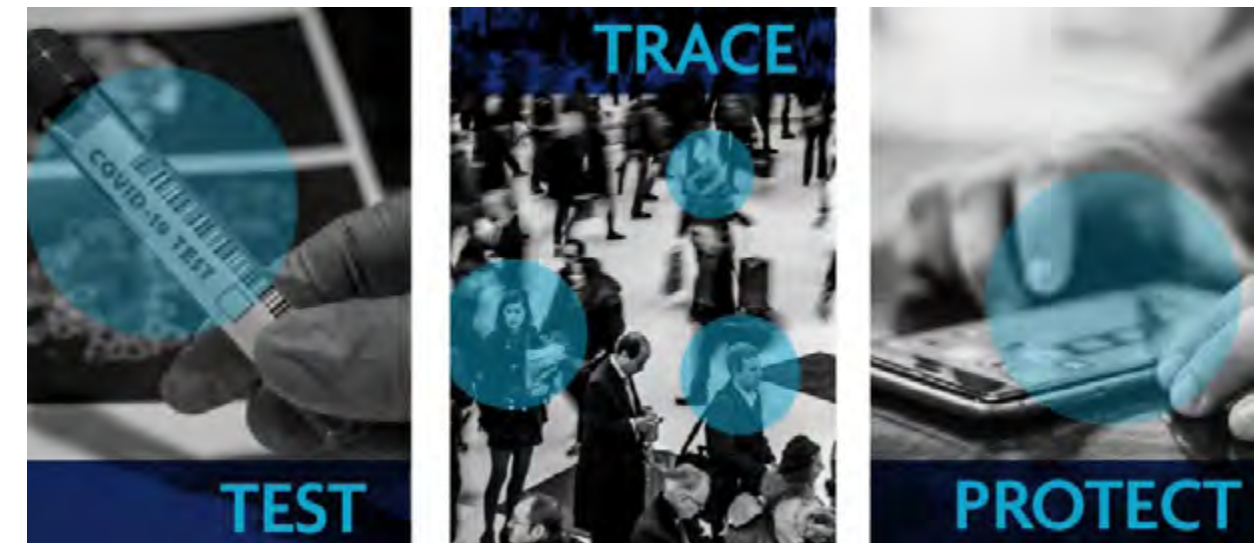
In September, 2021 [The Financial Times reported \(paywall article\)](#) that Welsh Government saved hundreds of millions of pounds by using public sector programmes and services during the pandemic. One of those services was the Test, Trace, Protect programme developed and delivered by NHS Wales with the digital elements managed by DHCW.

According to the article, the Welsh Government received almost £1.1bn for contact tracing and PPE in 2020/21. Cardiff University's Wales Governance Centre estimated that the government actually spent £533m on those areas. That was £158 per person, 48 per cent lower than in England.

The money saved has been used to support small businesses with the cost of the pandemic.

The digital contact tracing service (Test, Trace, Protect) was a key element in achieving these savings and another of DHCW's rapid developments. The system enabled a robust scalable national response for contract tracing. During the past year it was updated to support person location forms.

Based on a sophisticated Customer Relationship Management database, it contributed to the success of the Test Trace Protect service. Of the 11,889 positive cases referred to contract tracing by 26 February 2022, 92.9% were reached and asked to provide details of their close contacts. Of the 1,407,832 close contacts that were eligible for follow-up, 1,266,909 (90.0%) were successfully contacted and advised accordingly, or had their case otherwise resolved. [Test, Trace, Protect \(contact tracing for coronavirus \(COVID-19\)\): up to 26 February 2022 | GOV.WALES](#)



As part of the pandemic response, we also

- Delivered integration with private laboratories for lab results, ensuring a seamless digital flow for test results
- Delivered performance dashboards to Welsh Government for direct access to lateral flow and contact tracing data
- Provided Covid-19 pass and Welsh vaccination data to NHS Digital for inclusion in the Travel Covid-10 Passport.
- Developed a vaccine Online Re-booking solution for citizens,
- Delivered the Welsh Pandemic Record Certificate Dashboard and the Covid Certification Digital Solution with cross border functionality and data flows

DIGITAL NURSING

In June 2021 we launched the digital Welsh Nursing Care Record, which marked a pivotal moment in the history of nursing that will change working practices and enable nurses to spend more time caring for patients.

With full roll out due to complete in 2022/23, the WNCR is live in six of the seven Health Boards and it is making a big impact digitising Welsh nursing records improving accuracy, safety and digital literacy.



Claire Bevan, Senior Responsible Owner of the WNCR project said:

"Collaboration, engagement and listening to feedback has been the true success of the project, from the Chief Nursing Officer to the registered nurses, health care support workers and the wider multidisciplinary team members, all have worked together to transform nursing by standardising documents and providing a digital solution"



Case Study - Inpatient Risk assessments

Between April and August 2021 across the five wards of one hospital the WNCR digital solution released **over 140 hours** to patient care as a result of the reduction in time taken to complete five out of the six core digital assessments.

This means clinicians are able to focus on what's most important - patient care.

ENHANCING THE DIGITAL RECORD

We also saw growth in users of the Welsh Clinical Portal to over 30,000 users. The clinical portal shares, delivers and displays patient information from a number of sources using a single log-on. The clinical portal supports clinical workflow with functionality to view patient medical records (including summary GP record), access patient results including radiology images, electronically request tests, prioritise referrals, set watch lists and view medications and communicate key discharge information to primary care.

BETWEEN JANUARY 2021 AND JANUARY 2022, THE NUMBER OF CLINICAL DOCUMENTS STORED DIGITALLY **ROSE FROM 35 MILLION TO 39 MILLION** AND TESTS RESULTS **INCREASED FROM OVER 195 MILLION TO OVER 220 MILLION.**

To streamline and reduce unnecessary outpatient appointments in secondary care we introduced GP e-Advice as part of Welsh Patient Referral Service accessible via Welsh Clinical Portal. This allows clinical conversations of advice and guidance to take place between Secondary Care clinicians and GPs to inform care decisions.

We continue to make improvements in the modernisation of outpatients, a core Welsh Government priority and introduced new functionality into our software. Clinical staff can make direct electronic updates into the digital record using a user designed outpatient medical note and electronically record the administrative outcome including new pathways. Outpatient attendances are now also collected in NHS Wales' Data Hub which is used to store and present key information to decision makers across NHS Wales and Welsh Government.

With ever growing demand for emergency care we introduced the new national Emergency Department (A&E) System. Neath Port Talbot Minor Injuries Unit was the first to go live, with roll out to other hospitals planned during 2022. The new system replaces paper records and provides healthcare professionals with real-time information on a patient's treatment in the emergency setting. These digital records can be shared safely and quickly with other departments and healthcare professionals to support the patient's treatment plan.

We are also supporting a new national Ophthalmology Electronic Patient Record and associated Referrals Module, an initiative led by Cardiff and Vale Health Board and sponsored by Welsh Government.



Porthol Clinigol Cymru
Welsh Clinical Portal

The Eye Care Programme will provide “safe and secure” connectivity enabling 700+ Optometrists access to NHS Wales networks and enable regional working, develop and increase virtual clinic working, deliver “shared care” and enable the development of Ophthalmic Diagnostic Treatment Centres in the community, addressing high volume/low risk patients.

Within Wales’ intensive care units, continuous patient monitoring is essential to detect critical changes in a patient’s condition. When every second counts for health staff who need to make critical decisions for seriously ill patients, information is a vital resource.

DHCW has partnered with the supplier ASCOM to deliver a new digital solution to replace paper charts and the hand-written observations that are used to record vital life signs. The new Grange University Hospital Intensive Care Unit in Aneurin Bevan University Health Board will be the first of all 14 Welsh adult critical care units to adopt the new digital service.

During 2021-2022 extensive work took place to develop standardised processes and assessments integrated with both the architecture and the bedside monitors to improve patient safety.

HOSPITAL PHARMACY

As part of our contribution to the modernisation of medicines management, we successfully rolled out the new Hospital Pharmacy stock control system. The state of the art medicines stock control facility is now live in twenty four hospitals across all seven health boards and three prison sites with over 1,700 users.

The modern pharmacy system replaced a 35-year-old, “green screen” system, is more efficient to use and offers a more joined up and consistent way of working across hospitals in Wales, linking medication dispensing and usage data by using nationally recognised standards, which ensures that data and information can be better used to improve services in the future.



LABORATORY SERVICES

To future-proof essential testing services, a new contract (Master Services Agreement) was awarded to Citadel Health to deliver a new Laboratory Information Management System. It will support every health board, hospital and GP practice in Wales and will integrate with NHS Wales core health IT systems. Key benefits include faster turnaround of tests, a reduction in the number of repeat prescriptions, improved clinical safety and ensuring the service can cope with increased demand.



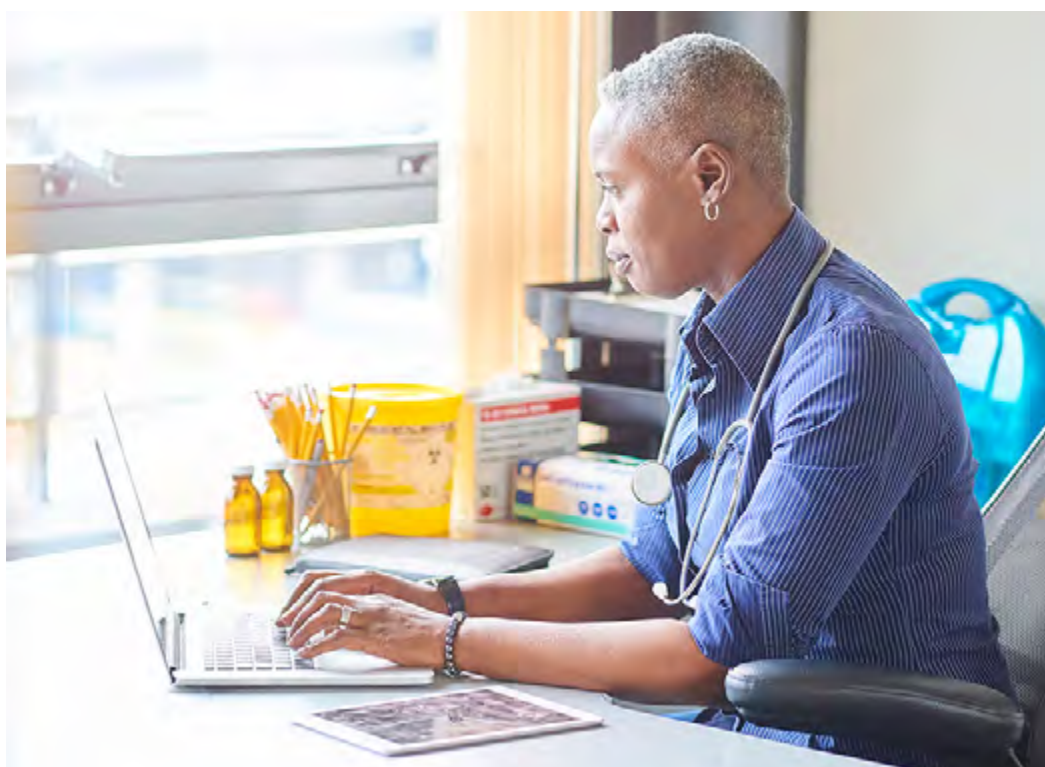
PRIMARY AND COMMUNITY CARE

The Primary and Community Care teams facilitates and supports provision of systems and services that enable Primary Care Health Professionals to work across organisational boundaries, enabling continuity of care and avoiding duplication for both patients and professionals.

In 2021/22 a new five year GP IT framework was awarded to supply next generation IT systems and Services for primary care in Wales. There were three successful suppliers:

They are Cegedim Healthcare Solutions, EMIS Health and TPP.

The procurement supported by Digital Health and Care Wales was led by the General Medical Services Information Management & Technology Board and involved GPs, GP Practice Managers, Health Board Directors of Primary Care and the DHCW Primary Care Team.



COMMUNITY PHARMACY

Our Choose Pharmacy digital platform continues to support community pharmacies as they provide NHS support for people with minor illnesses, including emergency contraception, common ailments and hospital discharge medicine reviews.

The majority (705 out of 713) community pharmacies use the service, which allows pharmacies to create an NHS patient record, transferable between NHS Wales community pharmacies.

During the past 12 months roll out continued of a new module - the Independent Prescribers' Service (IPS), which supports community pharmacists who have qualified as non-medical prescribers to provide patients presenting with certain conditions access to effective advice and treatment.

The Independent Prescribers' Service supports a 'community pharmacy first' model of care. This means patients will have more access to advice and treatment at the right time, in the right place, reducing pressure on GPs for consultations for conditions that can be appropriately managed in the community pharmacy setting.



WELSH COMMUNITY CARE INFORMATION SYSTEM

The Welsh Community Care Information System (WCCIS) is a digital service for nurses, mental health teams, social workers and therapists to help them work better together. It allows access to relevant information on care provided and shows where a patient is with their treatment and care plan.

An additional two organisations adopted the system during the year. This means 18 of Wales 22 local authorities and seven health boards are live with the system.

Following the 2020 Audit Wales report on the WCCIS programme and an independent review and survey carried out by the Institute of Public Care (IPC), the WCCIS national programme commissioned Channel 3 Consulting to undertake an independent strategic review, in November and December 2021.

The review aimed to take stock and inform the next phase and future of the WCCIS national programme. It included engagement with all involved, and drop-in sessions for regional organisations, attended by more than 100 people.

Recommendations from the review were agreed by Welsh Government and signed off by the WCCIS leadership board in February 2022.

The national WCCIS team is now working with regional partners to develop a plan to take the recommendations forward.

Collaboration with the supplier has addressed the stability of the software platform through a series of software releases, which took place in the latter half of 2021.



NHS WALES APP

We were very pleased to award contracts to develop the new NHS Wales digital patient platform, known as the NHS Wales App.

The app will be available on smartphones, tablets and computers. It is a key development in the Digital Services for Patients & the Public Programme, which will help people in Wales to access better healthcare and support health providers to deliver care more efficiently.

The goal is for patients and the public to:

- personalise their health journey
- monitor health conditions more easily
- share and receive important health information
- take an active part in their own health and wellbeing

A prototype has been developed and is a significant step forward in being able to deliver the app to the citizens of Wales. User research and design activities with citizens from Wales began in December 2021, informing the design of both the application and the range of services.



Gwasanaethau Digidol

ar gyfer Cleifion a'r Cyhoedd

Digital Services

for Patients and the Public

SUSTAINABLE INFRASTRUCTURE

We believe that public cloud computing services are uniquely positioned to support DHCW's strategic technology requirements into the future. We will continue to adopt cloud computing services using a cloud-first approach for both new and existing workloads by 2024. This is described in our Cloud Strategy, which underpins our business plans and the ambitions of 'A Healthier Wales'.

Throughout the year we carried out significant technology improvements. Working with colleagues and suppliers we transitioned NHS Wales' digital services into a new data centre, opening up greater opportunities for cloud computing, as well as reducing our carbon footprint.



CYBER SECURITY AND PROTECTING PATIENT DATA

DHCW take a national role in the protection of the network and data across the NHS Wales system. We work closely with the National Cyber Security Centre and our NHS Wales colleagues to ensure our systems are resilient and secure in support of delivering health and care services.

With increasing threats from cyber criminals across the globe, we launched the Cyber Resilience Unit on behalf of Welsh Government. This takes NHS Wales into the next phase of protecting patient information and provides support and guidance to stakeholders across the health system.

Through our Information Governance Strategy we are shaping an effective national governance structure for data protection and information governance issues. Our National Information Governance Framework is in place to provide, maintain and develop external facing services, tools and standards to support NHS Wales organisations and stakeholders, and to underpin our strategic approach.

NHS Wales
Cyber Resilience Unit



GIG Cymru
Uned Cydnerthu Seibr

INFORMATION AVAILABILITY AND FLOW

To open up the technical architecture and enable greater access to and sharing of data, we have been defining our architectural vision.

In collaboration with over 1,000 key stakeholders we have defined NHS Wales' Architectural Building Blocks and developed our National Data Resource (NDR) Data Strategy and delivery plan.

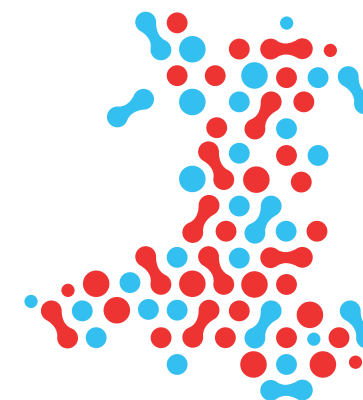
The NDR Data Strategy was developed in collaboration with over 75 stakeholders across health and care in Wales. It describes a proposed architecture for our data platform, identifying the technology capabilities needed to meet our vision, and a target operating model based on an agile, product-centric approach. It also sets out a roadmap and key next steps for the programme to move forward towards its goals.

The data platform will be responsible for the acquisition, movement, transformation, storage, serving and governance of data as well as providing the analytical, data science and machine learning tools needed to extract value from data. Extracting value from data is one of our core portfolio objectives and will enable better patient outcomes.

We have undertaken the first deployment of our Clinical Data Engine in Cwm Taf Morgannwg University Health Board, with the first use of open architecture technology (Open HER) for allergies and patient warnings data, supplementing the data already available in our reports and document repositories.

We made our Operational Terminology Service available, to enable consistent recording of the core components of the patient record using SNOMED-CT – the worldwide standard for capturing and representing digital clinical information as part of a patient record. Standardisation of clinical data improves patient safety and increases opportunities for data sharing with a wider range of health and care providers, as well as supporting evidence-based health care decision making. This work is a key component of better, safer care, and has been deployed to support ten of our most important initiatives over our first year.

We have completed the build of our new Clinical Data Repositories which will enable the digital storage and retrieval of clinical data across geographic boundaries throughout NHS Wales.



NDR

Adnodd Data Cenedlaethol
National Data Resource

VALUE FROM DATA

The pandemic highlighted the value of data and created demand for new data sets and information dashboards to help manage services and build a picture of the virus spread within the population.

To support the work of Public Health Wales (PHW) we developed a consolidated view of testing data bringing together both Polymerase Chain Reaction (PCR) and Lateral Flow (LFT) test data; the view also identifies duplicates, those reported through both the Welsh Laboratory Information Management System (WLIMS) and non-hospital testing. We developed aggregate views containing calculated measures for tests, testing episodes and associated rates per population, which directly feed into PHW's reporting systems.

We also supported PHW by tracing the NHS numbers for people who attended Covid-19 test events, which included football matches in May and June 2021, facilitating follow up to determine whether they subsequently contracted Covid-19.

All COVID-19 data sets have been made available to Health Boards, PHW and other NHS Wales organisations via the DHCW National Data Warehouse, in a format in which records can be easily linked, to create a view of every Welsh resident in terms of Covid-19 tests, results, close contacts, vaccination dates, hospital admissions, Emergency Department attendances, Ambulance calls or deaths.

We also developed a national data collection for COVID-19 rehabilitation services to understand demand and capacity and to help inform the target operating model for delivery.



DATA DASHBOARDS AND HUBS

There are now a number of ‘National Data Dashboards’ developed with the Value in Health Programme that combine and visualise a wide range of information relating to clinical outcomes, secondary care activity, case mix variables, mortality, and socio-economic factors for specific clinical areas.

These innovative dashboards are being used by clinical teams, special interest groups, clinical networks, support functions and other stakeholders to inform better decision making.

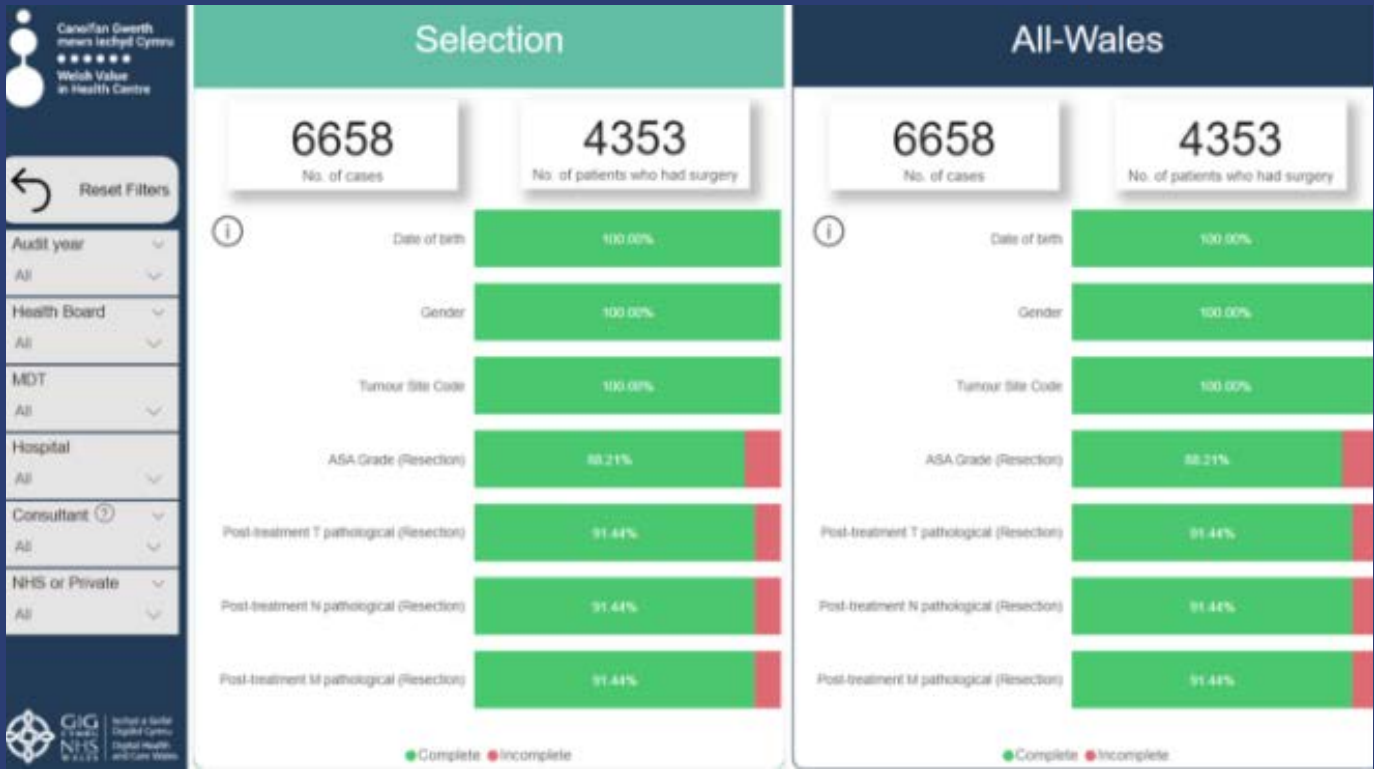
Working in partnership with Powys County Council we brought health and social care data together in a proof-of-concept data hub to apply visualisations and provide a foundation which underpins the data requirements for A Healthier Wales.

CASE STUDY - The National Colorectal Cancer dashboard.

The National Colorectal Cancer Dashboard was developed collaboratively between the Value in Health Data Team (DHCW), the NHS Wales Health Collaborative and clinicians from the Bowel Cancer Initiative. It uses PowerBI to present the National Bowel Cancer Audit (NBOCA) data combined with additional data sources to enable users to view the data, identify trends and manage data quality of the audit submission. It is the ninth in a series of information products to be launched by the Welsh Value in Health Centre. The products are designed to help us understand what is happening in a specific system and present opportunities for us to increase value for patients.

Initially, the National Colorectal Cancer Dashboard aims to be a tool which supports clinicians in supplying complete data to the National Bowel Cancer Audit (NBOCA), by highlighting any data gaps within the seven key data fields used for the audit, therefore enabling clinicians to easily identify areas that require additional input.

We’re expecting clinicians using the dashboard to provide feedback on this first iteration in the coming weeks, which will further inform development that is already underway. The next phase will be to provide live data on Single Cancer Pathway Performance, surgical and oncological quality metrics and survival data. This second phase will be completed in the second half of 2022.



QUALITY

Quality is at the heart of what we do, in the systems we produce and the data we provide.

We aim to be a trusted partner across the health and care system in Wales. Integral to this is a quality approach in the development of products, systems, and services, demonstrated through the adoption of internationally recognised and trusted standards.

We have maintained certification for the following ISO and BS Standards in 2021/22:

- ISO 9001 - QUALITY MANAGEMENT SYSTEM
- ISO 14001 - ENVIRONMENTAL MANAGEMENT SYSTEM
- ISO 20000 - IT SERVICE MANAGEMENT SYSTEMS
- ISO 27001 - INFORMATION SECURITY MANAGEMENT SYSTEMS
- BS 10008 - EVIDENTIAL WEIGHT & LEGALLY ADMISSIBLE INFORMATION MANAGEMENT SYSTEM
- BS 76000 - VALUING PEOPLE STANDARD
- BS 76005 - DIVERSITY & INCLUSION
- SDI - SERVICE DESK CERTIFICATE

We have presented our quality strategy and plan and have invested in ipassport to support the document management process. The organisation is now preparing for the introduction of new regulation in relation to medical devices.

INFORMATION GOVERNANCE

Freedom of information requests have a 95% response within target across 21/22. There were no reports that required submission to the Information Commissioners Officer or submission of 'Serious Untoward Incident' or 'No Surprises' reports to Welsh Government in relation to data breaches or lapses for 21/22. For further information about information governance can be found in the [annual governance statement](#).

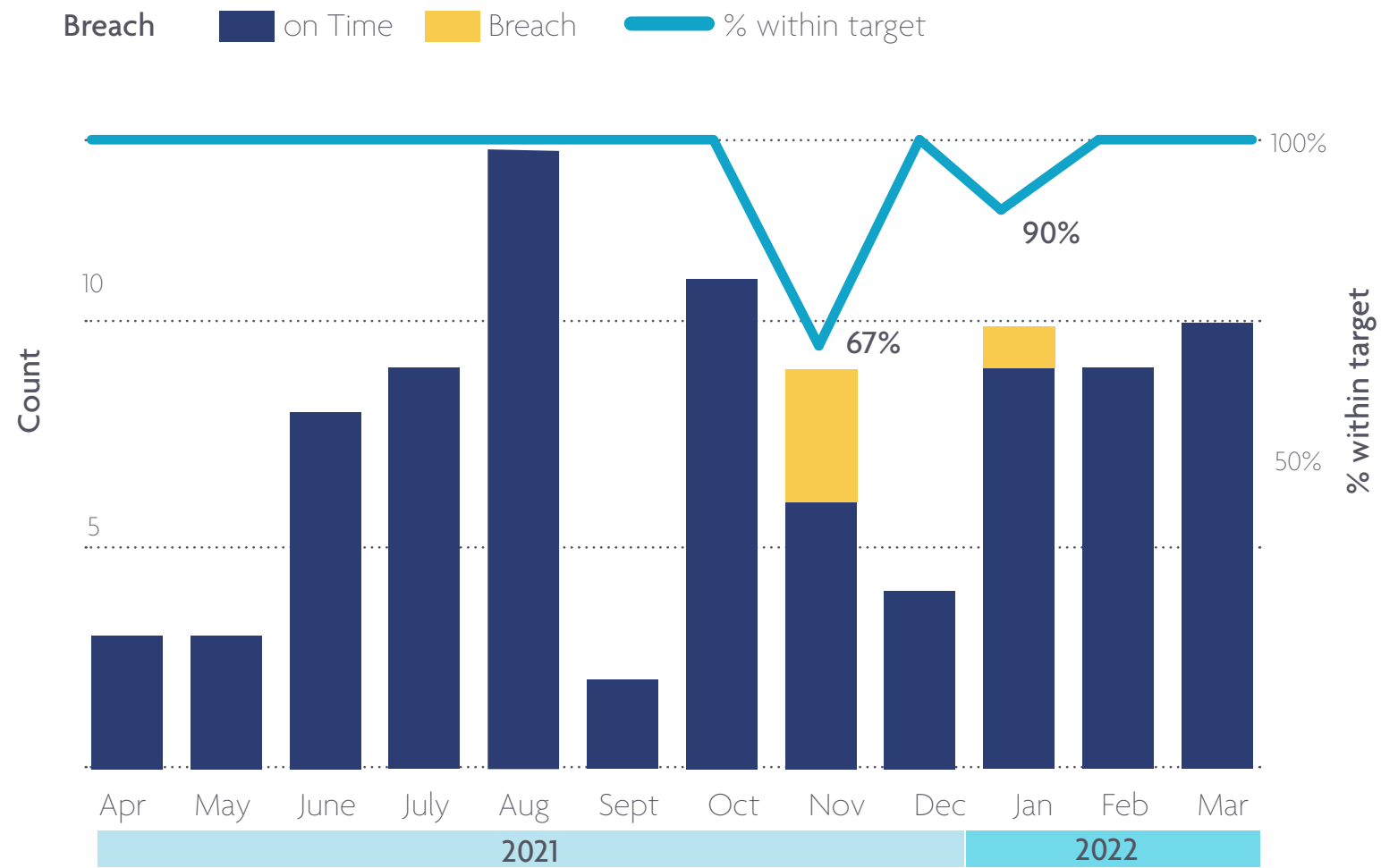


Fig 4 - Freedom of Information Requests Compliance Dashboard

DEVELOPMENT OF THE ORGANISATION

ENGAGEMENT WITH STAKEHOLDERS AND FEEDBACK

As a public body it is important that our partners, service users and the people of Wales have confidence in our work. Effective engagement helps translate stakeholder and user needs into our strategy and product and service development.

As a forward-thinking organisation, everything we do is in partnership with our stakeholders including health boards and trusts, primary care, social care, life sciences, industry and academia.

Regular meetings are held with the executive teams of health boards, trusts and SHA & NWSSP throughout the year to discuss organisational priorities at a strategic level. Service level agreement meetings take place with our partner organisations to discuss technical attributes of the specific services in deployment and the wider system can feedback on our systems and seek help via the DHCW Service desk.

In September 2021 the Board approved our first Stakeholder Engagement Strategy, with the implementation plan subsequently approved in December 2021. This document builds on existing systems and avenues for engagement and feedback, going forward we will work towards stakeholders considering us as a trusted strategic partner. This will have to be earned by being an open, listening organisation that engages with the key stakeholders in a planned and timely manner.

COMMUNICATIONS

As a new organisation, communications played a key role in raising awareness of who we are and what we do. Unique visitors to our website increased by 55% per cent during the course of the year, with traffic from Google up by 183%. Our social media followers increased by 15%.



The communications team effectively raised awareness of DHCW through social media, podcasts and newsletters and supported recruitment through social media campaigns.

A key focus has been the technology and data successes that assist and enable the delivery of frontline care.

Throughout the year we have focused on internal communications to support staff as they continue to work remotely, culminating in a virtual staff conference to celebrate the successes of our first year.

BUSINESS CHANGE

With significant change in ways of working underpinned by new digital services, our Business Change team provides support across the wider delivery programme.

Working shoulder to shoulder with service users the Business Change team offers a mix of support delivering technical advice on changes to the system, training and eLearning quick reference guides, videos and demonstrations. During the year the team had 4106 individual contacts and held 563 contact events.

Business Change input to the test Trace Protect programme was invaluable providing staff with the confidence to adapt quickly to new digital systems.

DURING 2021/22 **THE BUSINESS CHANGE TEAM TRAINED 2025 NURSES** TO USE THE WELSH NURSING CARE RECORD, VISITING 24 HOSPITALS ACROSS ALL SEVEN HEALTH BOARDS.

CHANGE AMBASSADOR CERTIFICATE

DHCW's Change Ambassador Certificate has been developed by the Business Change Team as a 12-module, interactive course. It helps people with the skills and insights to be able to lead change through understanding the impact of change and finding ways to help people to come to terms with change in ways that suit their needs. It is specifically designed around Change Methodology and standard Change approaches and aims to give each participant on the course a chance to fully explore principles and models, including research from Kurt Lewin, David Kantor, and Toyota Production Principles.

FEEDBACK

"The course has helped me understand why individuals react and behave in different situations and how their personalities can influence their behaviours. By understanding this I think it will help me interact and support colleagues, customers, associates and friends in the future. I'm learning how to adapt my own behaviours to get the most from a situation. The highlight for me has been interacting with others from different sectors and learning about how others approach different situations. There have been some really interesting conversations which have certainly made my perceptions change on why we do what we do. The facilitators have created a really safe relaxed environment where I feel confident to express my views and ask questions, with a bit of fun also thrown in"



Rhaglen
Cenhadon Newid
Change Ambassador
Programme

OPERATIONAL SERVICE DELIVERY

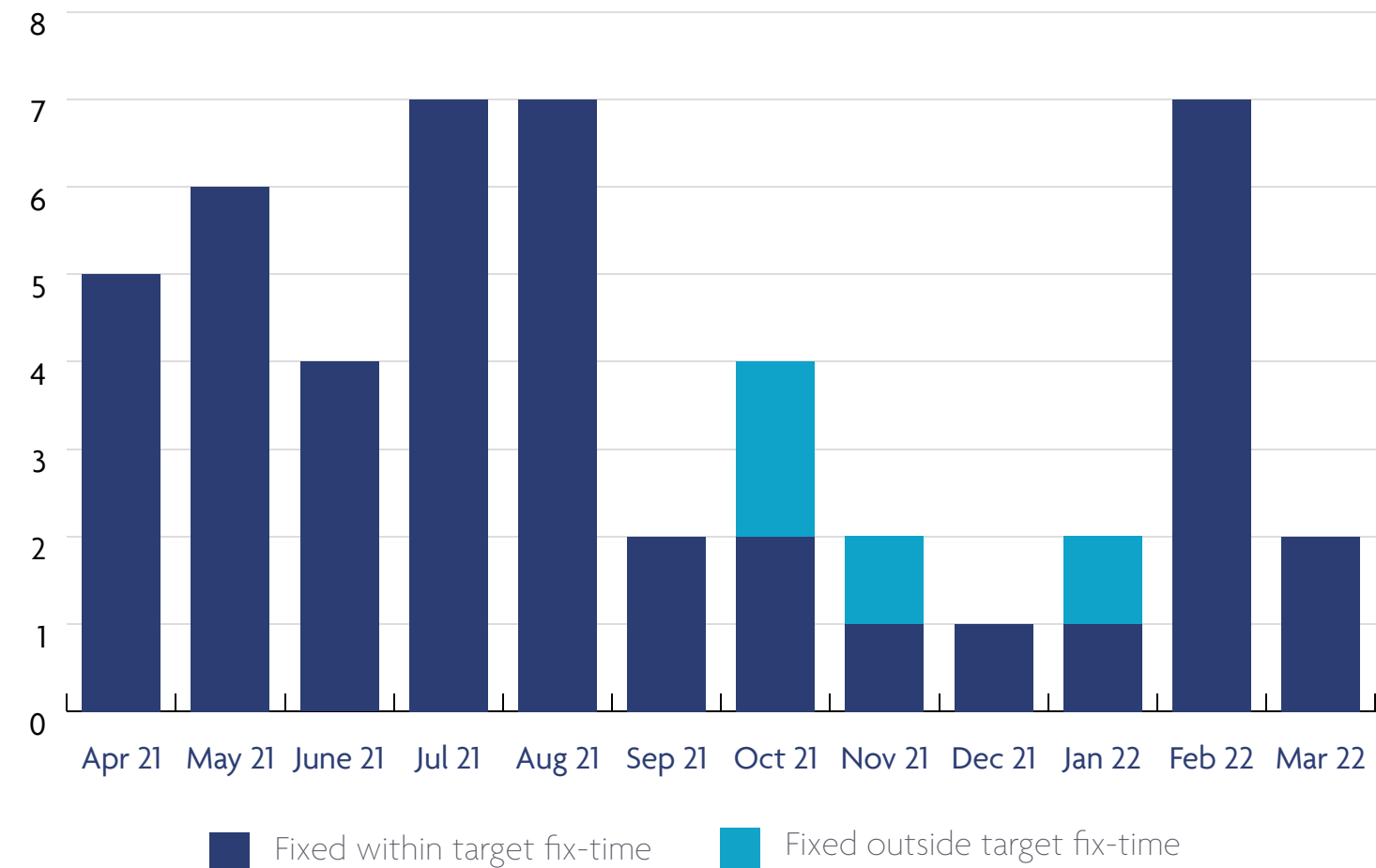
SERVICE AVAILABILITY

Reliable operational digital services are the means to support health and care across NHS Wales every day. Staff have become dependent on the technology services we provide and expect them to be as available as utility supplies such as gas and electricity. In response we work proactively to maximise our infrastructure and prevent problems.

We are pleased to note that the delivery performance of our operational services during the year was good with an average availability of 99.94% with a total of 49 incidents which we would categorise as significant.

Significant incidents are those that affect a large number of users and may include issues such as delays in processing test results, downtime for a service or partial disruption to a service. Some of these incidents were the result of problems with 3rd party suppliers or problems with infrastructure running in health board premises. Of these significant incidents 92% were fixed within the target fix-time of either 4 hours or 8 hours, depending on the severity/impact of the incident.

Fig 5 - Significant IT Service Incidents



SERVICE DESK

Our Award Winning 24hr/7 IT Service Desk provides support to DHCW users, NHS Wales Service Desks, GP surgeries and other NHS organisations who do not have their own service desks.

We were pleased that the service desk retained its **Service Desk Institute 3-star** accreditation as a customer led service desk following a successful audit, and also took third place at the national service desk institute awards.

DHCW has also been successfully audited against BS 10008 Evidential Weight & Legal Admissibility.

- This year the Service Desk logged over 205,000 calls from across NHS Wales
- On average, the Service Desk succeeded in answering 98.1% of calls (i.e. abandoned call rate is average 1.9% across the year).

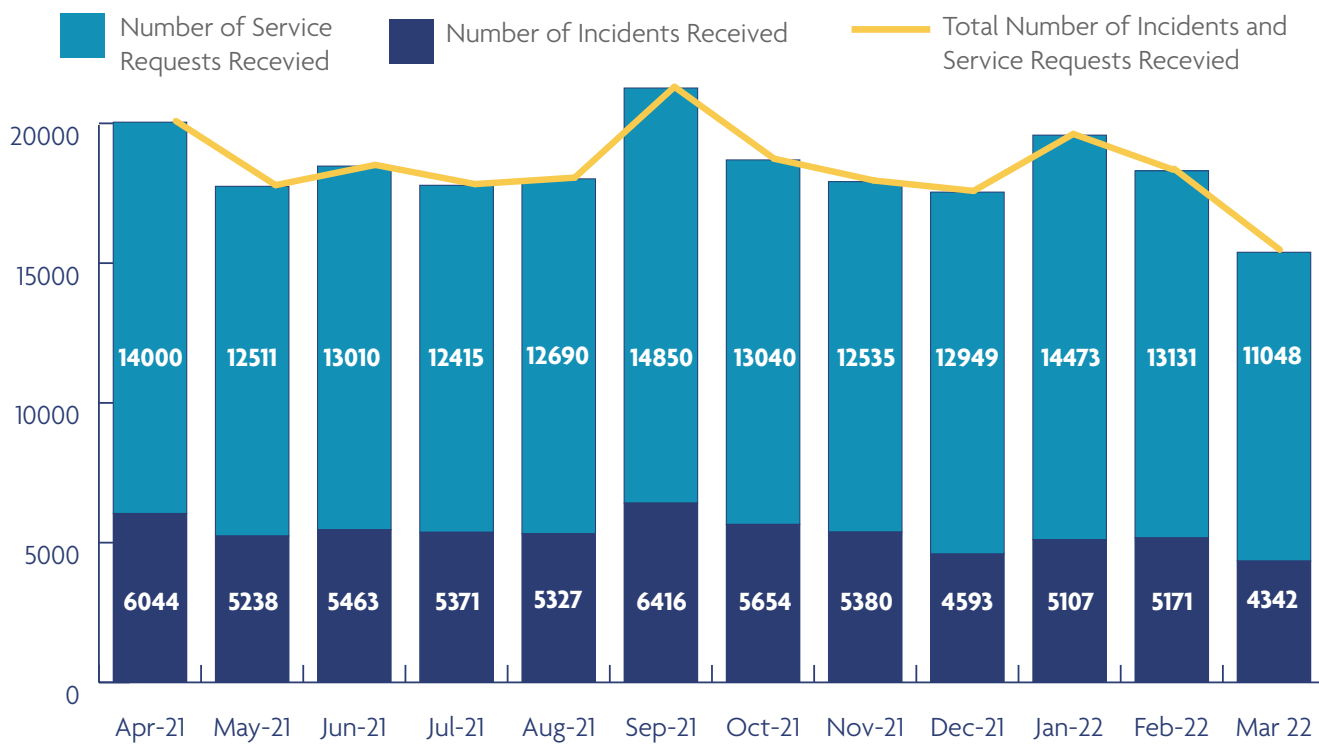


Fig 6 - Incidents and Services Requests Received

Our Service Desk collects feedback on quality of service and based on the responses received, has maintained a customer satisfaction rate of 92% and over.

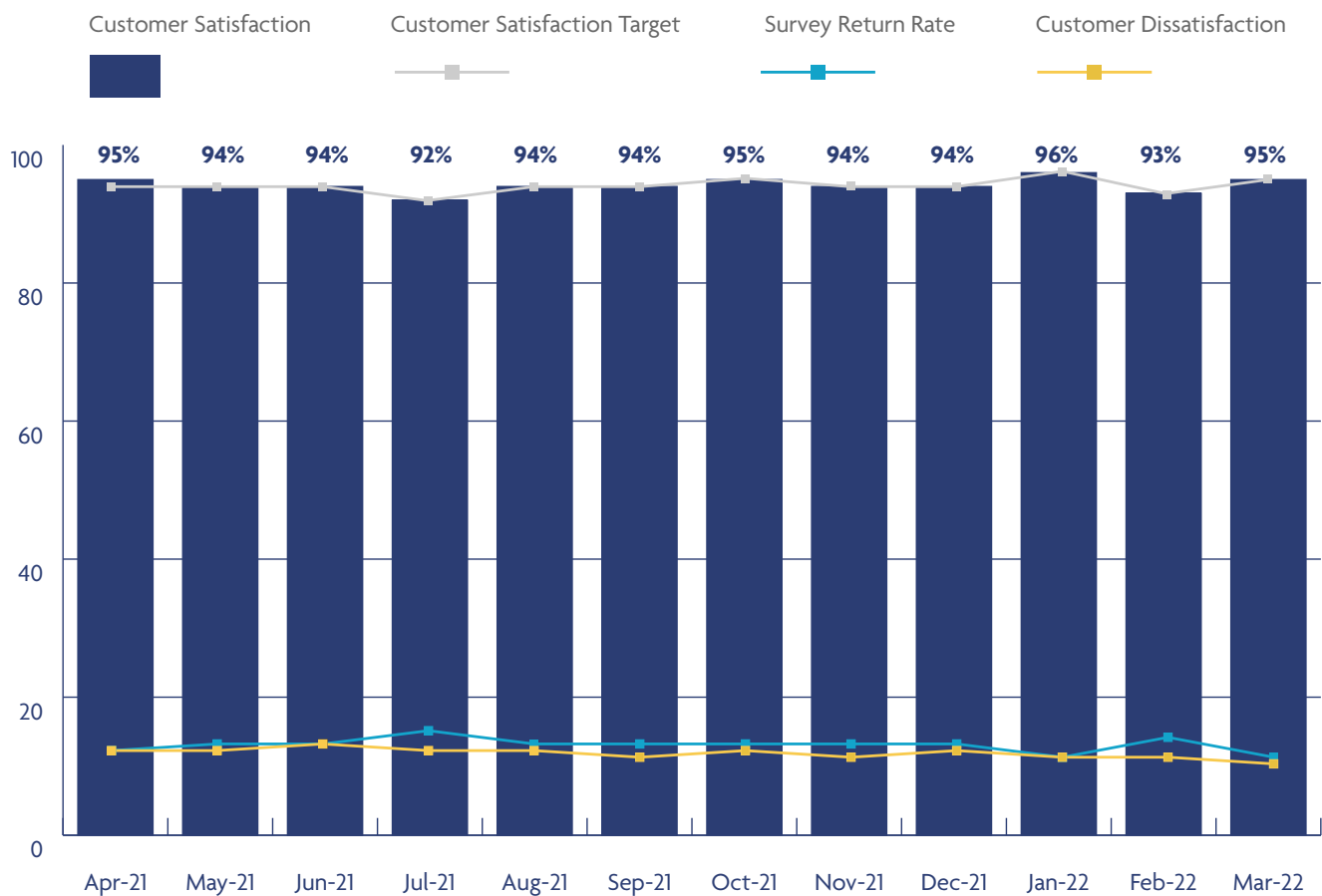


Fig 7 - Customer Satisfaction



AWARDS AND ACCOLADES

Throughout our first year as DHCW we have received UK recognition for our achievements.



‘BEST HEALTHCARE PROJECT’ - UK IT INDUSTRY AWARDS

The team behind the digital Welsh Nursing Care Record (WNCR) won ‘Best Healthcare Sector IT Project of the Year’ in the prestigious British Computing Society (BCS) UK IT Industry Awards.

The category’s judges were seeking an ‘outstanding’ project that used IT to benefit the organisation and their clients. The WNCR has seen some impressive growth as rapid deployment has been taking place across the country, digitising Wales’ nursing records and bettering patient care for NHS Wales patients and staff.

DIGITAL CEO OF THE YEAR

Helen Thomas, Chief Executive Officer of Digital Health and Care Wales, won ‘Digital CEO of the Year’ at the 2021 Digital Health Awards. The award celebrates the achievements of leaders making the ‘biggest contributions to UK healthcare IT’.

WELSH IMMUNISATION SYSTEM WINS NATIONAL DIGITAL IMPACT AWARD

The digital system behind the COVID-19 vaccination roll out in Wales, the Welsh Immunisation System (WIS), has been presented with the People’s Choice Award for its impact during the pandemic at a ceremony in London.

DIGITAL LEADERS IMPACT AWARDS - PEOPLE’S CHOICE AWARDS

Celebrating the digital technology innovations that improve people’s lives or deliver positive social impact, the People’s Choice Award is presented to the most popular of all finalists in every category and is decided via a public vote.

This year it was awarded to the Welsh Immunisation System, which was built in just 16 weeks by a team of software developers at DHCW. It competed with 36 other national contenders in the category, including NHS Covid Pass, the UK Cabinet Office, Riverford Organic Farmers and the BT Green Tech Innovation Platform.

GO AWARDS

DHCW won the prestigious UK national Outstanding COVID-19 Response Award for NHS organisations at this year’s GO Awards.

The award recognises the outstanding work carried out by DHCW to deliver the Test, Trace, Protect Contact Tracing Solution, which is used by Local Authority staff to contact people who receive a positive Covid-19 test result.

Heralded as a landmark example of innovative procurement, it involved a rapid prototype process and close working with suppliers to build licensing models that reflected the scope and design of the solution. The approach delivered exceptional value within a condensed timeframe while meeting the requirements of procurement legislation.

The Government Opportunities (GO) Excellence in Public Procurement Awards have been celebrating the best in all aspects of public procurement since 2003. The DHCW team was up against strong competition with 15 other NHS organisations nominated, including NHS Supply Chain and NHS National Services Scotland.

SERVICE DESK INSTITUTE (SDI) AWARD

DHCW gained third place in the globally recognised SDI Awards on 22nd March 2022. Our Service Desk were finalists in the Award’s Best Service Desk - Large Enterprise category, alongside Computacenter, NGSD and Capgemini.

The SDI represents thousands of companies and service desk professionals in over 150 countries. SDI’s awards praise IT service and support teams that deliver the highest levels of customer excellence and service to each and every customer.

AREAS OF CHALLENGE

Recruitment challenges included building up to a full Special Health Authority workforce formation, developing a sustainable workforce model for COVID-19 – an area of uncertain requirements, and bringing in the right skills for key new digital programmes of work.

New recruitment initiatives were instigated, and the organisation kicked off a national digital workforce survey commissioned by Welsh Government to understand future role types needed. External contractors helped us deliver in areas needing specialist skills.

Challenges were also felt in balancing COVID-19 demands with core business, particularly around allocation of staff. However, this was resolved in the second half of the year.

In addition, there were areas of variability and requirements that entailed the use of our change control process to adapt the plan in a flexible manner.

This year saw significant progress in the move away from legacy systems, accelerated by the move to a new data centre, but the position requires close attention from operational teams and significant investment.

Pressures experienced by our commercial partners also impacted on delivery schedules.



PERFORMANCE AGAINST THE NHS WALES DELIVERY FRAMEWORK 21-22

DELIVERY MEASURE 50

Qualitative report providing evidence of implementing actions to deliver the Welsh Language objectives as defined in More Than Just Words Action Plan.

TARGET MTHJW Monitoring Return DHCW achieved Please see Welsh Language Section

DELIVERY MEASURE 55

Percentage sickness absence rate of staff

TARGET Annual Improvement DHCW achieved 2.86%, 2021/22 is the baseline year

DELIVERY MEASURE 52

Percentage of headcount by organisation who have had a Personal Appraisal and Development Review (PADR) in the previous 12 months.



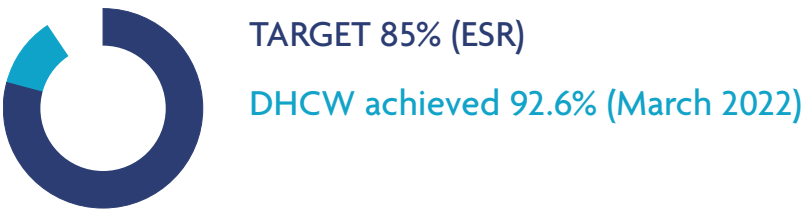
DELIVERY MEASURE 59

Percentage of complaints that have received a final reply (under regulation 24 or an interim reply (under regulation 26) up to and including 30 working days from the date the complaint was first received by the organisation.



DELIVERY MEASURE 53

Percentage compliance for all completed level one competencies within the core skills and training framework by organisation



WELSH LANGUAGE

The Welsh Language (Wales) Measure established a legal framework to impose duties on certain organisations to comply with standards. NHS Wales is one of these organisations and must comply with Welsh Language Standards (No 7) Regulations 2018. Digital Health and Care Wales as a hosted body of Velindre NHS Trust had a legislative duty to implement these standards up until it became a specialist health authority in April 2021.

During the year we have developed a Welsh Language Scheme and are committed to providing a level of Welsh Language services equivalent to the Welsh Language Standards being adopted by similar public organisations in Wales.

The new Welsh language scheme aims to:

- provide greater clarity to the organisation on its duties in relation to the Welsh Language
- provide guidance for Welsh speakers about the services they can expect to receive in Welsh
- ensure the Welsh Language is embedded into services delivery and development
- The duties which derive from the Standards mean that organisations in Wales should not treat the Welsh Language less favourably than the English language



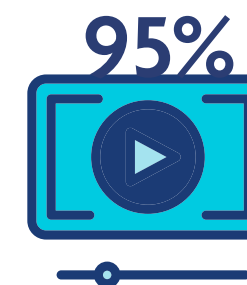
YR IAITH GYMRAEG YN IGDC THE WELSH LANGUAGE AT DHCW

Mae IGDC yn sefydliad dwyieithog - DHCW is a bilingual organisation



94% of staff have updated their Welsh language skills on ESR

95% of staff have completed a Welsh language awareness course



7%

7% staff speak Welsh at level 3 or above

Activities undertaken throughout the organisation to actively promote use of the Welsh Language include:

- Development of a multi-disciplinary team, inclusive of Welsh speakers and representatives of all activities undertaken, to ensure compliance. The team is led by an the Director of ICT and Digital business, and Welsh Language Services Manager (both of whom speak Welsh as a first language), to ensure Welsh language requirements are considered in all existing and new developments.
- Recruitment of a Welsh Language Services Manager to oversee the implementation of the actions set out in the Welsh Language Scheme
- Setting up a service level agreement with NHS Wales Shared Services Partnership for translation services
- Setting up a service level agreement with Trosol translation to provide interpretation at board meetings
- Supporting the Welsh Language Commissioner with investigations
- Welsh language taster courses available to all staff
- A new Welsh speaker and learner Yammer group – ‘Siop Siarad’
- A new Welsh language SharePoint page to provide guidance for staff wishing to understand their legislative duties and explore opportunities to learn and improve Welsh language skills
- Engagement with new developments such as the NHS Wales App
- Collaborative Work with the More Than Just Words Task and Finish Group to develop a new 5-year plan led by the DHCW Audit and Assurance Committee Chair Marian Wyn Jones on behalf of Welsh Government.

Going forward we are committed to building on our current provision of Welsh language training and activities to promote the use of Welsh in the workplace.



NEW AND VACANT POSTS

Number of Jobs were categorised as:

Welsh Language Skills Essential - **2**

Welsh Language Skills needs to be learnt - **0**

Welsh Language Skills skills desirable - **440**

Welsh Language Skills not necessary - **6**

There were no Welsh language complaints during the period 2021 - 2022

SUSTAINABILITY

The NHS Wales Decarbonisation Strategic Delivery Plan demonstrates how NHS Wales can contribute to recovery and the Wellbeing of Future Generations (Wales) Act 2015, which addresses long-term persistent challenges such as poverty, health inequity, and climate change.

We recognise the climate emergency and the need for all those in the public sector to contribute to the ambitious net zero carbon by 2050 goal for Wales set by Welsh Government.

In late 2021 we developed the DHCW Decarbonisation Strategic Delivery Plan and have made significant progress in decarbonising our estate. However, we recognise that there is more to do. This delivery plan takes a fresh look at our building and energy needs, as well as procurement, travel, and other emissions sources. Some of these emissions are beyond our direct control; highlighting the challenge we have in working collaboratively to influence the decisions of others.

As an organisation, we are in a unique position to contribute towards reducing carbon emissions across the wider NHS by providing and improving digital solutions, such as those allowing for digital transfer and storing of information and solutions that allow for remote consultation.

While there are a number of activities that can help us lower our carbon emissions, we believe they must be undertaken as part of a comprehensive plan to ensure a complete transformation.

Crucially, our strategy is underpinned by the belief that any steps taken must consider not only how to address generated carbon emissions, but also how we as an organisation can become carbon efficient.

Our positive actions have contributed to embedding a sustainable culture within our organisation, reducing our negative effect on the environment. We will continue to actively work towards achieving our targets in this immensely important area.

OUR CARBON FOOTPRINT

Our carbon footprint is calculated as the total number of greenhouse gas (GHG) emissions produced as a result of our activities and services, expressed as carbon dioxide equivalent. Carbon emissions are an important part of measuring our environmental impact. There are a number of Emission Reporting Categories (ERCs) that we monitor. We can use this information to target areas for improvement and achieve reductions.

DHCW first measured emissions in 2019-20 (as its predecessor organisation). This is known as our baseline year. Most of our operational carbon footprint during this year was attributed to electricity (80%) and gas (18%). Operational emissions during 2019-20 totalled 2757 MtCO₂e (Metric Tons of Carbon Dioxide equivalent).

Year 2 (2020-21) saw an overall decrease in emissions of 27% to 2011 MtCO₂e which is very positive, electricity emissions saw a significant decrease due to a change to a renewable energy supplier. Remote working also contributed to a decrease of building emissions but has been accounted for in a different manner to reflect home working emissions.

During Year 3 (2021-22), our current reporting year, we have seen a further decrease in our emissions

(37% from our baseline year) to 1719 MtCO₂e due to a range of measures including utility contract reviews, moving to an EV fleet. The majority of staff continued to work remotely throughout this year.

Operational Emissions	Tonnes Co2e
Data Centres	660
Homeworking	601
Building Electricity	292
Commuting	70
Building Gas	58
Fleet	25
Business Travel	11
Water	1
Waste	1
TOTAL	1719

CONCERNS AND COMPLAINTS HANDLING

In April 2021, the DHCW Board approved our Handling Concerns and Complaints policy. The policy focuses on swift resolution where possible. Where a complaint is made it outlines the timeframes for expected responses and emphasises organisational learning to inform service improvement.

A total of one concern and three complaints were received for 21/22.

Special Health Authorities do not currently sit within legislation relating to the NHS complaints policy 'Putting Things Right', which is aimed at patient facing organisations.



LESSONS LEARNED

As a new organisation we set ambitious targets and adapted to new challenges in response the pandemic. In addition, our reach and contribution to the transformation of healthcare is extending, which brings with it complexity and a larger workforce.

Keeping priorities on-track and the extension of our work portfolio has required a close formal change management process and engagement with wider programme governance in NHS Wales. Some challenges arose due to ongoing and new COVID-19 requirements, dependence on third party suppliers and stakeholders not being available.

We led a national Digital Workforce Review commissioned by Welsh Government which looked at the roles across our organisations and the new roles we need to embrace to support this. Following the Review and expectations from Integrated Medium Term Plan (IMTP) significant workforce development and training is identified as a must do in order to embrace this challenge, acknowledging we are at the early stages of the journey.

Additions to our future plans will be based on our capacity, balanced with a flexible and agile process .

Over recent years the organisation has moved away from 'waterfall' developments that follow in sequence, such as analysis, design, development, and testing with each phase completely wrapping up before the next phase begins. We are moving towards an agile approach both for in-house development and when using external suppliers. Agile project management involves incremental and iterative steps to completing project, carried out in short-term development cycles. The approach prioritizes quick delivery, adapting to change, and collaboration rather than top-down management and following a set plan. This year will see the organisation build on this by adopting a Product Management approach.

Significant workforce developments and training are needed to embrace this challenge and we are at the start of the journey.

New organisational structures and senior posts have been planned for 2022/23 to reinforce our focus on digital strategy, product structures and workforce.

We also strengthened our collaboration with stakeholders such as Health Education and Improvement Wales, Welsh Government and the Wales Institute of Digital Information, and this will continue, to ensure we are all part of the community for healthcare transformation.

CONCLUSION AND FORWARD LOOK

Our first year as a Special Health Authority has been exciting and challenging. What we deliver matters to health professionals and to the people of Wales.

We have felt proud to support our NHS Wales colleagues, providing the digital services now so essential for efficient and effective patient care, and we are looking forward to meeting the challenges and embracing the opportunities of the coming year.

Looking ahead we continue to support NHS Wales staff with modern systems and data solutions to provide insight and to help Welsh citizens manage their own health.

Key areas of focus include, expanding digital services for nurses, new systems for critical care and emergency care and further development of citizen-facing services to transform care pathways.

As a forward-thinking organisation, we will continue to work with our stakeholders and partners to ensure our digital solutions make life easier for all, make a real impact, and place health data and quality at the core of all we do.

Our ambitious plans are set out in our Integrated Medium-Term Plan 2022 -2024.

THE ACCOUNTABILITY REPORT AND ACCOUNTS

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report provides an overview of the governance arrangements and structures that were in place across Digital Health and Care Wales Special Health Authority during 2020/21. It includes:

THE ANNUAL GOVERNANCE STATEMENT

This is the main document in the Corporate Governance Report. It explains the governance arrangements and structures within the Special Health Authority and brings together how the organisation manages governance, risk and control.

THE DIRECTORS' REPORT

This provides details of the Board and Executive Team who have authority or responsibility for directing and controlling the major activities of the Special Health Authority during the year. Some of the information which would normally be shown here is provided in other parts of the Annual Report and Accounts and this is highlighted where applicable.

THE STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES AND STATEMENT OF DIRECTORS' RESPONSIBILITIES

This requires the Accountable Officer, Chair and Executive Director of Finance to confirm their responsibilities in preparing the financial statements and that the Annual Report and Accounts, as a whole, is fair, balanced and understandable.



ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITIES

The Board of Digital Health and Care Wales, established on the 1 April 2021, is accountable for:

- setting the strategic direction
- the governance framework
- organisational tone and culture
- steering the risk appetite and overseeing strategic risks
- developing strong relationships with key stakeholders and partners and
- the successful creation and delivery of the organisations Long Term Strategy.

The Board is accountable for Governance, Risk Management and Internal Control. As Chief Executive of the Board, I have responsibility for maintaining appropriate governance structures and procedures as well as a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and the organisation's assets for which I am personally responsible. These are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales.

This annual report outlines the different ways the organisation has had to work both internally and with partners in response to the unprecedented pressure in planning and providing services. It explains arrangements for ensuring standards of governance are maintained, risks are identified and mitigated, and assurance has been sought and provided. Where necessary additional information is provided in the Governance Statement (GS), however the intention has been to reduce duplication where possible. It is therefore necessary to review other sections in the Annual Report alongside this Governance Statement.

This Governance Statement explains the composition and organisation of DHCW's governance structures and how they support the achievement of our objectives. The background to DHCW, its functions and plans are set out in the [Performance Report](#).

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

OPENNESS AND TRANSPARENCY

When DHCW became a Special Health Authority there was an expectation that the Board, Committee meetings and advisory groups would be held in public in accordance with the Public Bodies (Admissions to Meetings) Act 1960. Due to the pandemic the organisation was unable to comply with the requirements of the Act and the organisations Standing Orders, however, we were committed to ensuring as far as possible we were being open and transparent, we achieved this through:

- Live streaming and recording our Public Board meetings and posting them to our website
- Advising stakeholders of our intention to hold Board meetings 10 days before Board meetings
- Sharing papers with members 7 days before, and publishing public papers on [our website](#) 7 days before Board and Committee meetings
- Providing abridged minutes of the Committee meetings held in private (Audit and Assurance and Digital Governance and Safety Committees) and publishing on our website
- Providing a highlight report of all Committee and Advisory Group meetings to the Board and publishing these on our website

Given the significant resource required to hold a live streamed meeting it was decided not to extend this solution to committee meetings. The decision was taken by our Board to share the papers and minutes of all public Committees via the DHCW website.

This approach has been under constant review and the decision has been taken to record all public Committee meetings and post those on our website in addition to the meeting papers from April 2022 onwards.

The Remuneration and Terms of Service Committee is a private Committee of the Board and so details of the meeting remain private. The Board advisory group, the Local Partnership Forum (LPF) is currently private, but in line with our commitment to openness and transparency it was decided that the abridged minutes of LPF meetings would also be published on our website from April 2022. Both the Remuneration and Terms of Service Committee and the Local Partnership Forum are held in private due to the personally identifiable information of a sensitive nature that is received at these meetings.

The reporting period for this Annual Governance Statement is focused on the financial year 1 April 2021 to 31 March 2022.

OUR GOVERNANCE FRAMEWORK AND ASSURANCE SYSTEM

As a new statutory organisation 2021/22 has been a year of defining new and maturing governance arrangements across the organisation whilst still operating in the context of the pandemic.

DHCW, in line with all Health Bodies in Wales agreed standing orders for the regulation of proceedings and business of the organisation on the 1 April 2021. These standing orders are designed to translate the statutory requirements set out in the DHCW (Establishment and Constitution) Order 2020 into day-to-day operating practice. Together with the adoption of a scheme of matters reserved to the Board; a scheme of delegation to officers and others; and standing financial instructions, they provide the regulatory framework for the

conduct of business in DHCW and define its 'ways of working'. These documents, together with the range of corporate policies, including the Standards of Behaviour Policy set by the Board, make up the Governance Framework.

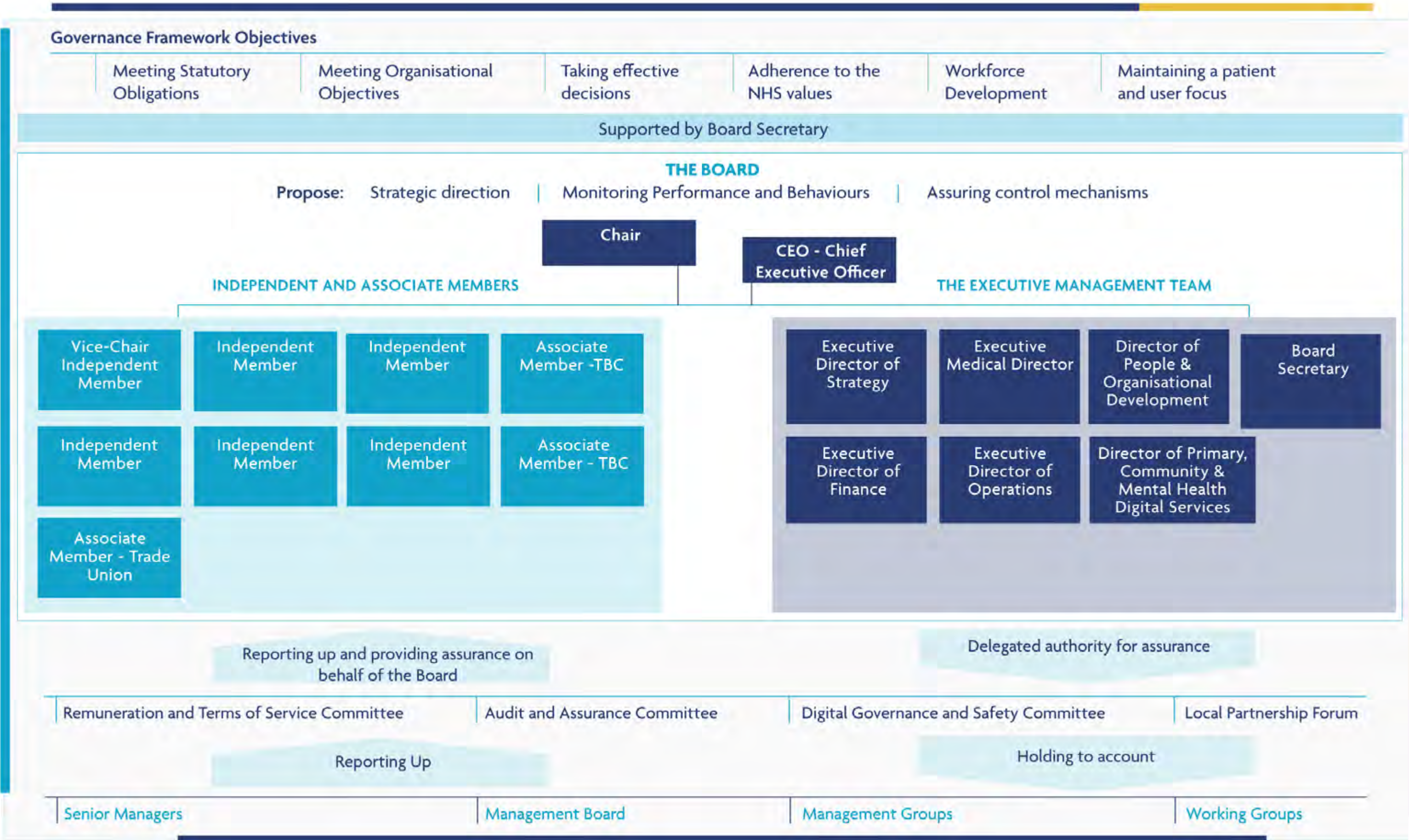
The Board approved the DHCW Governance Assurance Framework in January 2022. The purpose is to provide a working model for the management and oversight of the activity undertaken by DHCW to deliver the requirements for the Board. The framework describes the governance structure and decision-making process applicable to DHCW, it's available to view on our website [here](#).

The policies and procedures approved by the Board on the 1 April 2021 were adopted as part of the transition from a hosted organisation to a statutory body. But as part of the transition to the new organisation, work was undertaken to ensure the rapidly growing workforce were aware and familiar with the policies and procedures adopted by the Board. This includes the standards of behaviour policy which includes information on the declarations of interest and gift, hospitality, sponsorship and honoraria which sets out the commitment by the Special Health Authority to ensuring that its employees and Independent Members practice the highest standards of conduct and behaviour. The policy sets out those expectations and provides supporting guidance so that all employees and Independent Members are supported in delivering that requirement/aim. Standards of behaviour report is received by the Audit and Assurance Committee at every meeting, this includes a declarations of interest register which is published as part of the public papers and separately on the DHCW website under 'Key Documents'.

The DHCW Business Continuity Plan was enacted throughout 2021/22 with the [Command structure](#) utilised in the DHCW response to the Covid-19 Pandemic. The DHCW Covid-19 Command Group SharePoint was established in 2020/21 at the outset of the pandemic, this provides linked decision and action logs for the relevant groups in the structure.

The Board agreed the new ways of working on the 1 April 2021, as Accountable Officer, I ensured these arrangements were monitored through reporting to Management Board and shared with the Local Partnership Forum for staff input and discussion.

FIG 8 - DHCW BOARD STRUCTURE



THE ROLE OF THE BOARD

The Board has been constituted to comply with the Digital Health and Care Wales (Membership and Procedure) Regulations 2020. In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Independent Members have worked with the Chair to agree their Board Champion roles where they act as advocates in identified issues to take forward in 22/23. These are detailed in [Appendix 1](#). Due to the recruitment activity taking place to ensure the DHCW Executive structure proposed by the Chief Executive Officer is fully realised, work to define and agree the Executive Board Champions will take place in early 22/23.

The unitary Board is made up of Independent Members and Executive Directors.

Throughout the year a number of changes took place to the membership of the Board, the substantive appointment of the Chair of the Board was made with Simon Jones taking post on 1 October 2021 and Robert Hudson the interim Chair stepping down on 30 September 2021. Sian Doyle the Chair of the Digital Governance and Safety Committee and Independent Member of the Board was appointed CEO of S4C and stood down from her post with DHCW on 30 November 2021 leaving a vacancy, which has been progressed in collaboration with the Public Bodies Unit in Welsh Government and the advert for the post went live in March 2022. The appointment is expected in June 2022. Rowan Gardner was appointed Chair of the Digital Governance and Safety Committee with David Selway taking up the Vice Chair position.

DHCW have available to them up to three associate members of the Board who would attend in an ex-officio capacity, one of whom was appointed and started on the 1 August 2021, the associate board member for trade unions. There are two positions remaining for potential recruitment.

At the start of the year there were four vacancies as outlined in the Executive structure proposal presented by the Chief Executive Officer and approved by the Remuneration and Terms of Service Committee in July 2021. The Executive Director of Strategy, Executive Director of Operations both voting members of the Board and the Director of People & Organisational Development and the Director of Primary, Community and Mental Health Digital Services, both attendees of the Board who do not have voting rights..

Ifan Evans was appointed the Executive Director of Strategy in December 2021 and started in April 2022. Gareth Davis was appointed as Interim Executive Director of Operations in March 2022 and started in April 2022 with recruitment to take place for a permanent appointment. Both positions are full members of the Board.

Sarah-Jane Taylor was appointed as the Director of People and Organisational Development in January 2022 and started in May 2022. Recruitment to the remaining post of Director of Primary, Community Care and Mental Health Digital Services will be undertaken in early 2022/23.

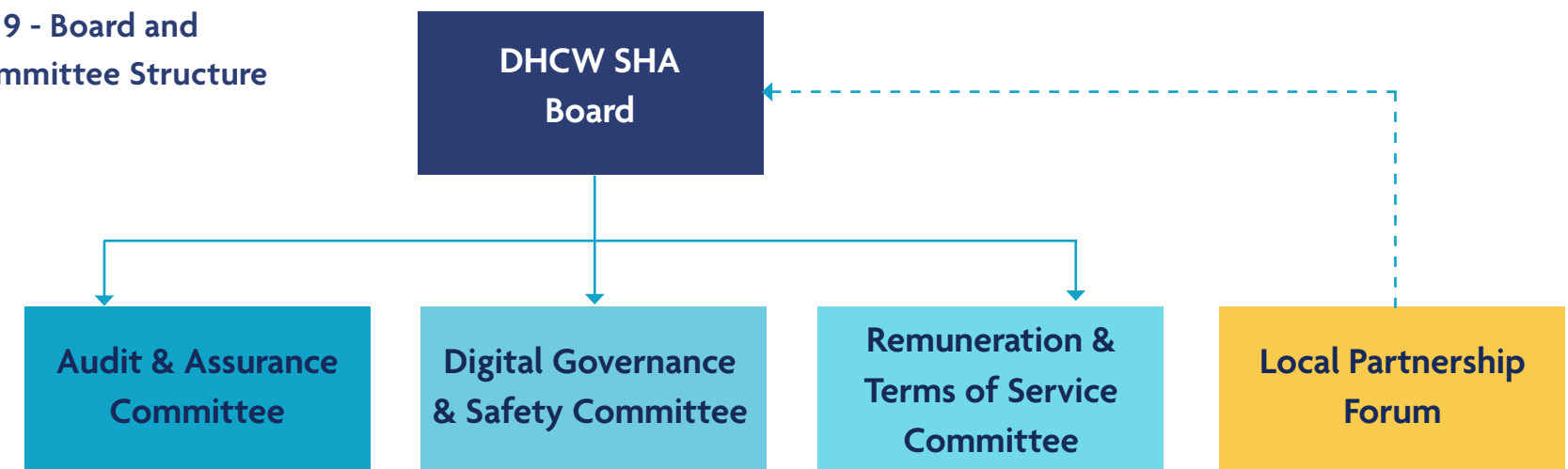
During 2021/22 Board development and briefing sessions took place that included a focus on the following elements of governance:

- Risk management and board assurance including risk appetite
- Socio Economic Duty and contributions to the wider foundational economy
- Performance Management Framework
- National Clinical Framework
- Purpose, Mission and Vision
- Baseline Governance Review
- Covid-19 learning and effective scrutiny audit
- Stakeholder Engagement Strategy
- Cloud Strategy
- National Data Resource Data Strategy
- A History of NHS Wales and the philosophy of NHS Wales
- A History to Today: Digital Health and Care in Wales
- An introduction to NHS Wales Governance
- Key Lessons Learnt & Stakeholder Engagement Approach from HEIW
- Development of the IMTP
- Cluster Development
- Research and Innovation Strategy

A number of training and information sessions were undertaken by the Board in 21/22:

- NHS Wales Governance Landscape
- An Introduction to Audit Wales and Internal Audit
- Counter Fraud Awareness Training
- Procurement Training
- Race Equality Action Plan: An Anti-racist Wales
- Cyber Security

Fig 9 - Board and Committee Structure



Full membership of the Board is outlined in [Appendix 1](#). Below is a summary of the Board and Committee structure. This is reflective of the proposed structure in the DHCW model standing orders. There were no instructions from the Welsh Government or proposals by the Board to introduce further Committees or advisory groups during 2021/22.

The Board provides leadership and direction to the organisation and has a key role in ensuring the organisation has sound governance arrangements in place. The Board also seeks to ensure the organisation has an open culture and high standards when conducting its work. Together, Board members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation. All the meetings of the Board during 2020/21 were appropriately constituted with a quorum. The key business and risk matters considered by the Board during 21/22 are outlined in this statement and further information can be obtained from meeting papers available on our website.

ROLE OF THE COMMITTEES

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

The Board is responsible for keeping the committee structure under review and reviews its standing orders on an annual basis. The Board will consider whether any changes are needed during 2022/2023 in line with the Board's governance framework and priorities of the Integrated Medium-Term Plan. DHCW is committed to openness and transparency with regard to the way in which it conducts its committee business. The DHCW Board and its committees aim to undertake the minimum of its business in closed sessions and ensure business wherever possible is considered in public with open session papers published on DHCW's website. Closed sessions of Board and Committee meetings are only held due to the confidential nature of the business being addressed. Such confidential matters may include commercially sensitive issues, matters relating to personnel issues or discussing plans in their early and formative stages. In addition, the Annual Committee and Advisory Group Annual Reports give an overview of the activity undertaken across the year and can be found here:

- [Audit & Assurance Committee](#)
- [Digital Governance & Safety Committee](#)
- [Remuneration & Terms of Service Committee](#)
- [Local Partnership Forum](#)

AUDIT AND ASSURANCE COMMITTEE

An important Committee of the Board in relation to this Annual Governance Statement is the Audit and Assurance Committee. The Committee keeps under review the design and adequacy of DHCW's governance and assurance arrangements and its system of internal control. During 21/22, key issues considered by the Audit and Assurance Committee relating to the overall governance of the organisation included:

- Revisiting its terms of reference, which will be kept under regular review
- Approving the Internal Audit Plan for 2021/22 and keeping under review the resulting Internal Audit Reports. Noting key areas of risk and tracking the management responses made to improve systems and organisational policies
- Ensuring effective financial systems and controls procedures are in place
- Monitoring the risk management systems
- Developing arrangements to work with Audit Wales (AW), and considering, the 2020 Structured Assessment and AW's 2021 Audit Plan
- Monitoring progress on the development of the Welsh Language Scheme for DHCW
- Developing and endorsing new policies, strategies and framework in support of good governance and appropriate control.

REMUNERATION AND TERMS OF SERVICE COMMITTEE

The Remuneration and Terms of Service Committee has the purpose of providing advice to the Board on remuneration and terms of service for the Chief Executive, Executive Directors and other senior staff within the framework set by the Welsh Government and provide assurance to the Board in relation to DHCW's arrangements for the remuneration and terms of service, including contractual arrangements, for all staff, in accordance with the requirements and standards determined for the NHS in Wales.

During 2020/21 key issues considered by the Remuneration and Terms of Service Committee included:

- Performance of Executive Directors against individual objectives
- Executive Team structure
- National pay award for members of staff
- Ratification of Executive Team posts including remuneration
- Secondment agreements

DIGITAL GOVERNANCE AND SAFETY COMMITTEE

The Digital Governance and Safety Committee advises and assures the Board with regard to the quality and integrity; safety, security and appropriate use of information and data to support health and care delivery and service improvement and the provision of high-quality digital health and care. Key issues considered by the Committee in 21/22 relating to their remit included:

- Revisiting its terms of reference, which will be kept under regular review
- Cyber Security arrangements
- Incident review and organisational learning
- Information Governance
- Information Services Assurance
- Informatics Assurance
- Major national digital Programmes and Projects Assurance Dashboard
- Health and Care Standards relevant to the Committee

EFFECTIVENESS SELF-ASSESSMENT

All Committees of the Board undertook a self-assessment for 2021/22 between January and March 2022 and provided a report to the Board on the finding including an identified action plan.

The Audit and Assurance Committee questionnaire was based on the Audit Committee Handbook and circulated to Committee members and attendees. Respondents included representatives from AW and Internal Audit.

The Digital Governance and Safety Committee and Remuneration and Terms of Service Committee questionnaires were based on the composition, establishment and duties, then Committee leadership and support questions of the Audit and Assurance Committee.

The findings overall found the atmosphere of the Committees and Board meetings to be conducive to open and productive debate and the behaviour courteous and professional. Meeting were found to be well run and supported by the Corporate Governance team effectively.

There were several education and awareness raising items identified to take forward:

- Digital Governance and Safety Committee identified Information Governance and Cyber security training.
- Remuneration and Terms of Service Committee members have asked for an overview of the skills strategy section from the People and OD strategy once approved

MEMBERSHIP OF THE BOARD AND IT'S COMMITTEES

[Appendix 1](#) outlines the membership and attendance of the Board and its Committees for the period 1 April 2021 to 31 March 2022. Members undertake a range of other activities on behalf of the Board including Board Development and Briefing Session, internal and external meetings.

Any proposed changes to the structure and membership of Board committees requires Board approval. The Audit and Assurance Committee, together with the Digital Governance and Safety Committee, has considered its own terms of reference and recommended changes to the Board. The Board will ensure that terms of reference for each committee are reviewed annually to ensure the work of Committees clearly reflects any governance requirements, changes to delegation arrangements or areas of responsibility. All Committees and Advisory Groups of the Board have developed annual reports of their business and activities which were received and noted in March 2022. The lead officers are included in [Appendix 2](#) and the schedule of Board and Committee meetings 21/22 is included at table

[Appendix 3](#).

LOCAL PARTNERSHIP FORUM

The DHCW Local Partnership Forum (LPF) provides the formal mechanism for social partnership within DHCW as well as providing a vehicle for engagement, consultation, negotiation and communication between trade unions and DHCW management. During 2020/21 the LPF has met bi-monthly and focussed on both strategic and practical issues including culture and organisational development, employment policies, equality and diversity, staff wellbeing and welfare.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives. It also evaluates the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts.

A system of internal control was in place as a hosted organisation, the work undertaken in 21/22 has focused on consolidating that and developing the Risk and Board Assurance Framework Strategy and associated implementation. The Strategy was approved by the Board in May 2021 and work began to draft a Board Assurance Framework and identify all the key controls and lines of assurance to be reported to the Board. This work has been completed and is planned for inclusion in the Board Assurance Framework work at the May 2022 Board meeting. We will use the BAF system and process to monitor, seek assurance and ensure that shortfalls are addressed through the scrutiny of the Board and its Committees. Oversight of our Corporate Risk Register system is provided through the scrutiny and monitoring of the Board and its Committees.

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

Fig 10 - Board Control Framework



CAPACITY TO HANDLE RISK

As previously highlighted the need to plan and respond to the COVID-19 pandemic presented a number of challenges to the organisation. A number of new and emerging risks were identified. Whilst the organisation did have a major incident and business continuity plan in place, as required by the Civil Contingencies Act 2004, the scale and impact of the pandemic has been unprecedented. Significant action has been taken at a national and local level to prepare and respond to the likely impact on the organisation and population. This has also involved working in partnership on the multi-agency response as a key member of the Covid-19 Digital Cell. There does remain a level of uncertainty about the overall impact this will have on the immediate and longer-term delivery of services by the organisation, although I am confident that all appropriate action is being taken.

The organisation continues to work closely with a wide range of partners, including the Welsh Government as it continues with its response, and planning into the recovery phase. It will be necessary to ensure this is underpinned by robust risk management arrangements and the ability to identify, assess and mitigate risks which may impact on the ability of the organisation to achieve their strategic objectives.

The Chief Executive/Accountable Officer has overall responsibility for the management of risk for DHCW but the SHA's lead for risk is the Board Secretary. This means leading on the design, development and implementation of the Risks Management and Board Assurance Framework Strategy. Internal Audit have identified the need for the development and approval of a Board Assurance Framework and associated report to the Board, the work to complete this has been ongoing across the year.

The first step in this journey was the approval of the Risk and Board Assurance Framework Strategy in May 2021 which will be reviewed on a 3-year basis. Work by the Board continued throughout the year to define the principal risks to the strategic objectives,

the organisational risk domains, risk appetite and tolerances which will be reviewed on an annual basis. Our Risk Management Policy was part of the suite of policies adopted by the Board from our hosted body on the 1 April 2021, this has been reviewed in line with the new Risk and BAF Strategy to ensure consistency in approach and both documents were published in April 2022 and made available to the DHCW website. DHCW's risk appetite statement, set out below, describes DHCW's approach to risk management and the risks it is prepared to accept or tolerate in the pursuit of its strategic goals:

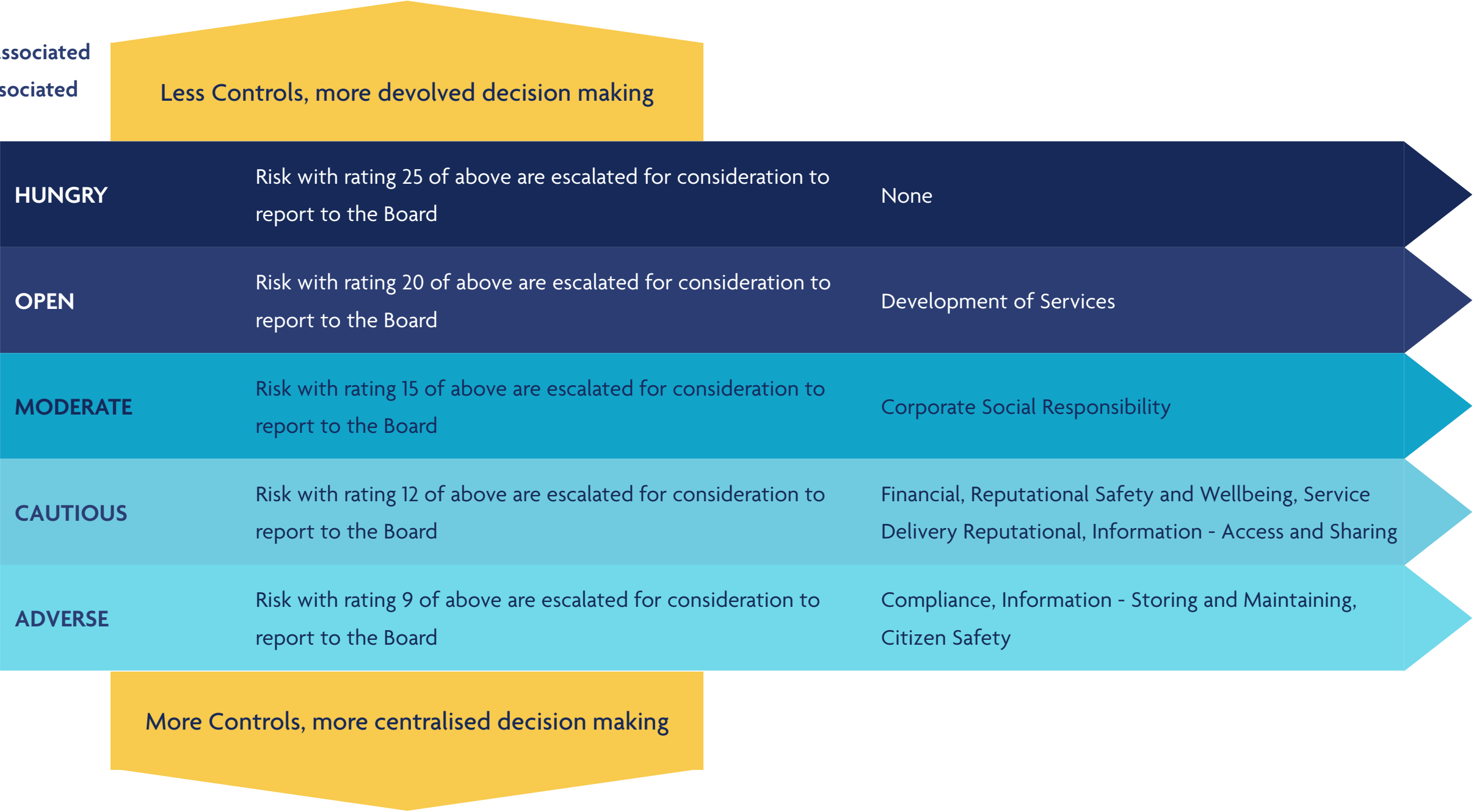
- DHCW must take risks to achieve its strategic aims and deliver beneficial outcomes to stakeholders
- Risks will be taken in a considered and controlled manner
- Exposure to risks will be kept to a level of impact deemed acceptable by the Board
- The acceptable level may vary from time to time and will therefore be subject to at least annual review and revision
- Any risk outside our agreed appetite may be accepted and will be subject to a governance process to ensure visibility and management
- Some particular risks above the agreed risk appetite may be accepted because:
 - the likelihood of them occurring is deemed to be sufficiently low
 - they have the potential to enable realisation of considerable reward/benefit
 - they are considered too costly to control given other priorities
 - the cost of controlling them would be greater than the cost of the impact should they materialise
 - there is only a short period of exposure to them
 - mitigating action is required by an external party

DHCW’s risk appetite takes into account its capacity for risk, which is the amount of risk it is willing to accept in pursuit of its objectives having regard to its financial and other resources, before a breach in statutory obligations and duties occurs.

The risk tolerance gives guidance regarding escalation for risks across its activities, the below infographic provides details on the risk domains identified and agreed by the DHCW Board, associate appetite, tolerance levels and sets the expectation of the Board regarding the number of key controls when reviewing Corporate Risks in those categories in the Board Assurance Report.

All risks will be clearly linked to organisational objectives with a line of sight to the BAF. As a part of the development of our BAF, which included full engagement with the Board, five strategic risks were identified and signed off at the first Board meeting of 2022/23 in May 2022.

Fig 11 - Risk Impact Domain, associated risk appetites and level of associated control



CURRENT PRINCIPAL RISKS AGAINST OUR STRATEGIC OBJECTIVES

Principal risks have been identified that link back to the five strategic objectives, the Board Assurance dash board will be reported to the SHA Board and will detail how DHCW are mitigating these principal risks to ensure the delivery of our strategic objectives.

STRATEGIC OBJECTIVE	PRINCIPAL RISKS
1. Enabling digital transformation supporting joined up, consistent care	IF we do not co-design services with users supported by common standards and collaborative ways of working THEN our development may not meet user needs and there will be complexity and silos across our systems RESULTING IN not being able to transform at pace
2. Delivering high quality technology, data products and services to support efficiencies and improvements in care processes	IF we do not deliver secure, accessible, resilient products and services of high quality THEN the ability of health and care partners to deliver and modernise services is compromised RESULTING IN less effective, less sustainable care that could cause harm and would not meet the expectations of patients or professionals.
3. Expanding the content, availability and functionality of the digital health and care record so that care and treatment quality is improved	IF we fail to expand the content, availability and functionality of the Digital Health and Care Record at the required pace THEN information could be incomplete, inconsistent, or held in different places RESULTING IN a reduced ability to use information to inform care and empower citizens, leading to better outcomes.
4. Driving Value and innovation for better outcomes and value-based care	IF we do not focus making use of data and innovation to improve outcomes THEN we may not be optimising value for citizens RESULTING IN less sustainable health and care services and reduced or delayed benefit for the public and patients.
5. Becoming the trusted strategic partner and a high performing, inclusive, ambitious organisation supporting our workforce and stakeholders	IF we do not become a trusted partner and a high performing inclusive organisation THEN people will not want to work with and for us RESULTING IN a failure to achieve our strategic ambition of delivering world leading digital services.

RISK MANAGEMENT FRAMEWORK

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



Fig 12 - Corporate Risk Register Review Flow Chart

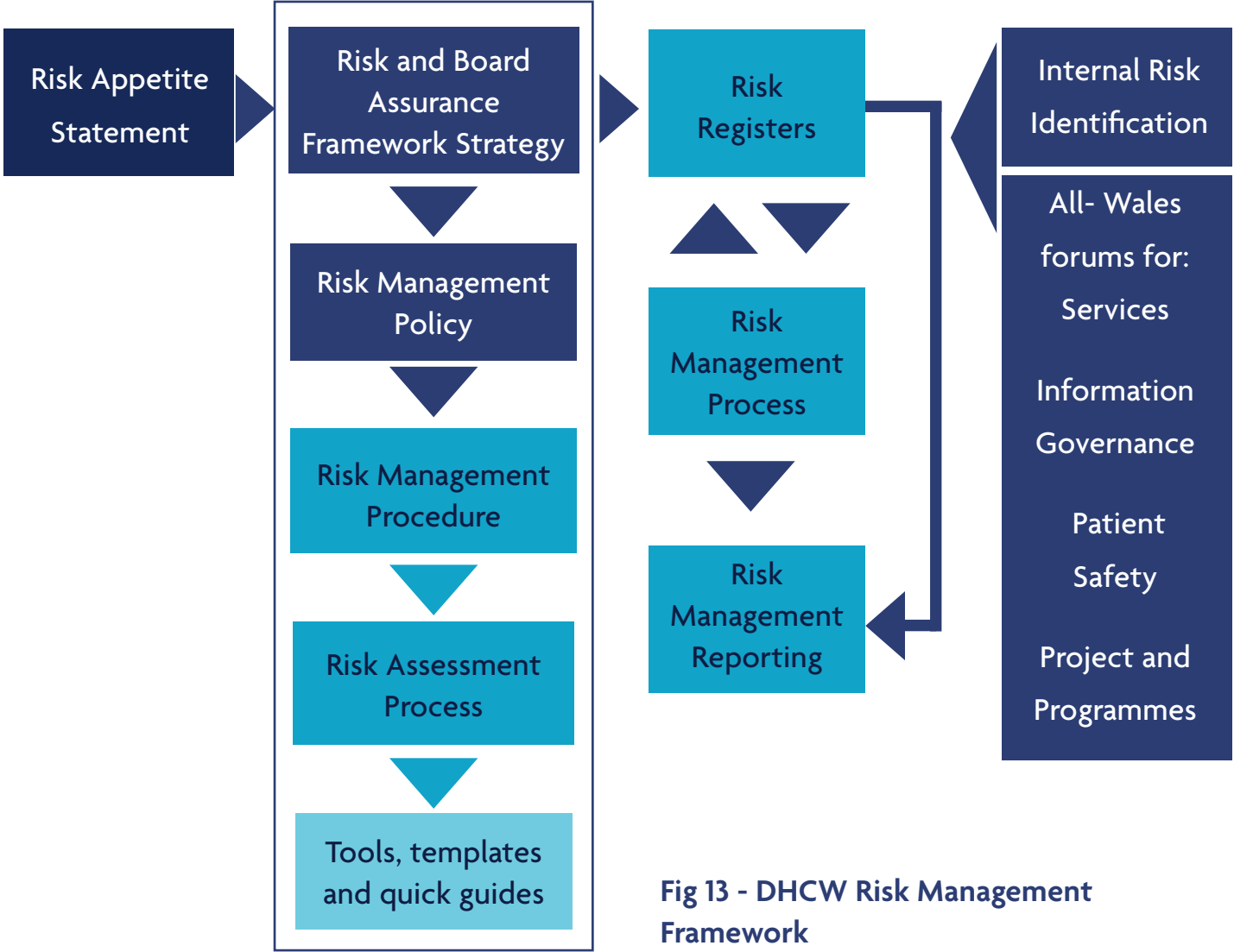


Fig 13 - DHCW Risk Management Framework

The framework includes strategy to operational tools and provides the working context for the staff in the organisation with regard to the management of risk from identification and scoring through to monitoring.

DHCW engages in collaborative risk management through a number of fora with regard to service development and management, project and programmes, information governance and patient safety. These groups involve health board, trust and SHA colleagues as well as Welsh Government and citizens. The risks identified in the fora are managed in the same organisational system which allows for escalation and management to the required level with work currently underway to define a national risk approach for national or systems digital risks.

EMBEDDING EFFECTIVE RISK MANAGEMENT

Members of DHCW’s corporate governance team provide training, support and advice to the organisation with regard to effective risk management these include:

<p>INTRODUCTION TO RISK MANAGEMENT</p> <p>This training provides an overview of how to identify, score, write, monitor, and escalate a risk.</p>	<p>RISK MANAGEMENT FOR RISK OWNERS AND HANDLERS</p> <p>This training provides detailed information regarding how to use the organisations risk management system and re-validates the risk assessment and management process with a focus on the control and assurance elements of risk.</p>	<p>RISK AND BOARD ASSURANCE FRAMEWORK</p> <p>This training targets expanding the knowledge of strategic risk and the approach outlined in the Risk and Board Assurance Framework Strategy. It focuses on the difference between the BAF and the Corporate Risk Register.</p>
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THE CONTROL FRAMEWORK

NHS Wales organisations are not required to comply with all elements of the [corporate governance code](#) for central government departments.

The information provided in this governance statement provides an assessment of how we comply with the main principles of the code as they relate to DHCW as an NHS public sector organisation. DHCW is following the spirit of the code to good effect and is conducting its business openly and in line with the code. As this was DHCW’s first year of operation and responding to the Covid-19 pandemic a Self-assessment has not been undertaken.

However, work is planned for quarter 3 of 2022/23 for DHCW to undertake a full self-assessment against the principles of the code as they relate to NHS public sector organisations in Wales and the governance, leadership and accountability standard.

DHCW’s Board recognises that not all reporting elements of the code are outlined in this governance statement but that a self-assessment against the criteria has been undertaken through the various reviews and audits during 2021/22. These are covered in this annual report with activity such as the [baseline governance review](#) and [internal audit](#) report into governance part 1, the [annual assessment of effectiveness](#), the [Board development work on risk and board assurance](#) and the validation of the strategic objectives. There have been no reported departures from the corporate governance code.

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

There have been no reported departures from the orange book. The orange book can be accessed at [gov.uk](#).

HEALTH AND CARE STANDARDS

The health and care standards set out the requirement for the delivery of health care in Wales. As a health organisation with no direct delivery of care, our focus in respect of the health care standards relate to staff and resources. Improvements to these areas are captured in our performance report. An annual review against the standards is undertaken by the relevant senior leaders in the organisation and the finding reported to the Audit and Assurance Committee and the Digital Governance and Safety Committee to ensure oversight and scrutiny in the relevant areas.

OTHER CONTROL FRAMEWORK ELEMENTS

QUALITY AND DUTY OF CANDOUR

The new Duty of Quality and the new Duty of Candour are due to come into legal force in April 2023, in line with the Health and Social Care (Quality and Engagement) (Wales)(Act) 2020. The new Duties will require the Special Health Authority to report annually on compliance with those duties and to publish their reports in the annual accounts and performance report. These new reporting requirements will therefore be captured in the reporting period 2023/24

In the interim it is anticipated that there will be:-

- A non-statutory implementation of the Duty of Quality in Autumn/Winter 2022.

This will allow for testing the quality reporting indicators, measures and narrative framework concepts being developed during the duty of quality implementation phase as a hybrid reporting process for 2022/23. In the meantime, quality reporting requirements are embedded in the [Performance Section](#) of this Annual Report.

- A non-statutory implementation period during the Autumn/Winter 2022 regarding the Duty of Candour.

This to allow NHS bodies, including primary care providers to prepare for the new reporting requirements under the Duty of Candour and also undertake and roll out training and awareness sessions.

COUNTER FRAUD

In line with the NHS Protect Fraud, Bribery and Corruption Standards for NHS Bodies (Wales), the Local Counter Fraud Specialist (LCFS) and Executive Director of Finance agreed at the beginning of the financial year a work plan for 2021/22 which was approved by the Audit and Assurance Committee in May 2021. Updates on delivering against this work plan have been provided to the Audit and Assurance Committee during 2021/22.

COMPLIANCE WITH EQUALITY, DIVERSITY, AND HUMAN RIGHTS LEGISLATION

DHCW retained the external accreditations BS76000 Valuing People and BS76005 Valuing People through Diversity and Inclusion which shows our ongoing commitment and compliance with equality, diversity, and human rights legislation. DHCW is committed to putting people at the centre of everything it does. The vision is to create an accessible and inclusive organisational culture and environment for everyone that also complies with the provision of the Equality Act 2010. Our Equality and Diversity policy is published on our website and is based on the following guiding principles:

- Digital Health and Care Wales will seek to employ a workforce that reflects all sections of society within the communities of Wales for which it serves.
- Every employee should feel respected and able to be their authentic self and give their best to their roles.
- Employees will be supported and encouraged to develop their full potential and their talents and resources of the workforce will be fully utilised to maximise the efficiency of the organisation. Individual differences will be recognised and valued and no form of intimidation, bullying or harassment will be tolerated.
- Staff will be supported where they feel they are being unfairly treated and encouraged to report any incidents of hate crimes against them or people around them.
- All of the Digital Health and Care Wales employment policies and practices and service developments will be equality impact assessed to avoid discrimination and to ensure mitigation where protected groups could be adversely affected under the Equality Act 2010.

An overview of actions in relation to equality and diversity can be seen in our [staff and remuneration report](#). DHCW will be producing an Annual Equality Report for 2022/23.

MODERN SLAVERY ACT 2015 – TRANSPARENCY IN SUPPLY CHAINS

The Welsh Government's Code of Practice: Ethical Employment in Supply Chains was introduced to highlight the need, at every stage of the supply chain, to ensure good employment practices exist for all employees, both in the United Kingdom and overseas.

DHCW is committed to embedding the principles and requirements of the Code and the Modern Slavery Act 2015. In doing so it is demonstrating the Commitment to our role as a public sector employer, to eradicate unlawful and unethical employment practices, such as:

- Modern Slavery and Human rights abuses
- False self-employment
- Unfair use of umbrella schemes and zero hours contracts; and
- Not paying the Living Wage.

During 21/22 DHCW took the following actions:

- It paid the governments living wage rate on its lowest pay scale, which is at Agenda for change band 3
- It has a Raising Concerns (Whistle blowing) Policy, which provides the workforce with a fair and transparent process, to empower and enable them to raise suspicions of any form of malpractice, by either our staff or suppliers / contractors working on DHCW premises

- It has a target in place to pay our suppliers within 30 days of receipt of a valid invoice
- It has robust IR35 processes, which ensures that there is no unfair use of false self-employed workers or workers being engaged under umbrella schemes. These processes also ensure the fair and appropriate engagement of all workers and prevents individuals from avoiding paying Tax and National Insurance contributions. It also ensures that no worker is unduly disadvantaged in terms of pay, rights or substantive employment opportunities.
- It does not engage or employ staff or workers on Zero Hours Contracts
- It has a robust Recruitment and Selection Policy and Procedure, which ensures a fair and transparent process
- It has a robust Equality and Diversity Policy, which ensures that no potential applicant, employee or worker engaged by DHCW is in any way unduly disadvantaged, in terms of pay, employment rights, employment, training and development or career opportunities
- In accordance with the Transfer of Undertaking (Protection of Employment) Regulations any DHCW staff that may be required to transfer to a third-party organisation, will retain their NHS pay and Terms and Conditions of Service.

PENSION SCHEME

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

WELSH RISK POOL

The Welsh Risk Pool Services (WRPS) is a risk sharing mechanism, akin to an insurance arrangement, which provides indemnity to NHS Wales's organisations against negligence claims and losses. Individual NHS organisations must meet the first £25,000 of a claim or loss, which is similar to an insurance policy excess charge. The Board along with its internal sources of assurance, which includes its internal audit function provided by NHS Shared Services, also uses sources of external assurance and reviews from auditors, regulators and inspectors to inform and guide our development. The outcomes of these assessments are being used by the Board to further inform our planning and the embedding of good governance across a range of the organisation's responsibilities.

CARBON REDUCTION DELIVERY PLAN

The DHCW Board approved the Decarbonisation Strategic Delivery Plan 2021-2030 at the March 2022 Board, details on the delivery plan can be found in the [Performance Report](#). The plan has been developed to support the ambitions set out within the NHS Wales Decarbonisation Strategic Delivery Plan which outlines how NHS Wales can contribute to the recovery and its commitment to the Wellbeing of Future Generations (Wales) Act 2015, which addresses long-term persistent challenges such as poverty, health inequity, and climate change. DHCW has liaised with Welsh Government on the emissions reporting which are fully compliant with the Welsh Government requirements as set out in the NHS Wales strategic Decarbonisation Strategic Delivery Plan and no significant issues have been identified This is reported through the Audit and Assurance Committee.

INFORMATION GOVERNANCE AND DATA BREACHES

DHCW reports on information governance a quarterly basis to the Digital Governance and Safety Committee and undertakes an annual review of Information Governance arrangements using the national information governance toolkit. This report is received by the Digital Governance and Safety Committee and actions are monitored through the ongoing quarterly reporting.

Incidents resulting in a data breach are reported in accordance with DHCWs statutory requirements. Under the Data Protection Act 2018 (DPA) personal data breaches (as defined by the Act) are considered a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data.

Personal data breaches (as defined in the DPA) are required to be risk assessed to determine the risk to living individuals and the risks to the rights and freedoms of living individuals. Personal data breaches resulting in likely risk to living individuals and a high risk to individuals rights and freedoms must be reported to the Information Commissioners Office (ICO), and to relevant parties where the breach is likely to result in a high risk to the rights and freedoms of individuals.

All data breaches are appropriately investigated by our Information Governance team and are reported to the Digital Governance and Safety Committee. Where appropriate or mandated, data breaches are reported to Welsh Government.

During 2021/22, we recorded a total of six incidents resulting in potential personal data breaches. Of these incidents, none met the assessment criteria for reporting to the ICO. None of the six incidents met the required threshold for notification to Welsh Government.

MINISTERIAL DIRECTIONS

Whilst Ministerial Directions are received by NHS Wales organisations, these are not always applicable to DHCW. Ministerial Directions issued throughout the year are listed on the Health and Social Care pages of the Welsh Government website. Details of the Ministerial Direction received and their applicability to DHCW as at year end 31 March 2021 are included at [Appendix 4](#).

PLANNING ARRANGEMENTS

The Welsh Government provided alternative instructions for the planning cycle 21/22, organisations were required to produce an Annual Plan for 2021/22 rather than a full three year Integrated Medium Term plan due to the uncertain environment responding to the Covid-19 pandemic. This was submitted in March 2021; feedback was provided by the WG requesting areas for further consideration:

- Further engagement needed with stakeholders, including social care, to ensure alignment across the system and ensure social care is a key part of DHCW's digital strategy and portfolio roadmaps.
- The plan indicates that workforce capacity gaps are considered in planning assumptions. Further assurance is required on risks and mitigations relating to potential shortfall in recruitment, including any impacts on the capacity and deliverability of the plan including leveraging all commercial mechanisms to maintain pace of delivery.
- Clearly demonstrate how the organisation will support the system with the ongoing COVID response alongside delivering core activity and addressing any backlog in activity. This should triangulate with workforce and financial plans and take account of emerging recommendations falling out of the strategic reviews being undertaken by Welsh Government (e.g. Workforce, infrastructure etc.).

An addendum was drafted and submitted after Board approval, the WG subsequently approved the Annual Plan.

REVIEW OF EFFECTIVENESS

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

The Board and its Committees rely on several sources of internal and external assurance which assess the effectiveness of the Special Health Authority's system of internal control and advise where there are areas for improvement. These elements are detailed above in the diagram of the [DHCW Board Control Framework.](#)

The processes in place to maintain and review the effectiveness of the system of internal control include:

- Board and committee oversight of internal and external sources of assurance and holding to account Executive Directors and Senior Managers
- Executive Directors and Senior Managers who have responsibility for development, implementation and maintenance of the internal control framework and the continuing improvement in effectiveness within the organisation
- The oversight of operational risk through the Board and its Committees
- Oversight of fraud risk through the Cardiff and Vale Local Counter Fraud team
- The monitoring of the implementation of recommendations through the audit tracker overseen by the Audit and Assurance Committee
- Audit and Assurance Committee oversight of audit, risk management and assurance arrangements

All Committees of the Board provided an annual report to the March 2022 Board detailing the work undertaken by the relevant Committee within the year and the key decisions taken.

I am satisfied that generally the mechanisms in place to assess the effectiveness of the system of internal control are working well and that the Special Health Authority has the right balance between the level of assurance I receive from my Executives, Board and Board Committee arrangements and DHCW Internal Audit Services.

INTERNAL AUDIT INCLUDING HEAD OF INTERNAL AUDIT CONCLUSION

Internal Audit provide me as Accountable Officer and the Board through the Audit and Assurance Committee with a flow of assurance on the systems of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit and Assurance Committee and is focussed on significant risk areas and local improvement priorities.

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.

The programme has been impacted by the need to respond to the COVID-19 pandemic with audits carried out in a virtual manner. The Head of Internal Audit is satisfied that there has been sufficient internal audit coverage during the reporting period in order to provide the Head of Internal Audit Annual Opinion. In forming the Opinion the Head of Internal Audit has considered the impact of all the audits carried out, summarised in the table below:

Name of Audit	Date received by the Audit Committee	Assurance Rating
Supplier Management Follow-up	May 2021	Reasonable
Cyber Security	May 2021	Substantial
SHA Transition	October 2021	Reasonable
Data Analytics	October 2021	Reasonable
Welsh Radiology Information System	January 2022	Reasonable
GP System Procurement	January 2022	Substantial
General Governance Part 1	January 2022	Substantial


Specifically, the SHA transition and general governance part 1 found that the transition to a new organisation was managed to a suitable standard and the implementation of the standing orders was generally good across the organisation.

HEAD OF INTERNAL AUDIT CONCLUSION 2021-22

Digital Health and Care Wales’ (DHCW) Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation’s objectives and is also 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 year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.

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 focused on 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. The overall opinion for 2021/22 is that:

Reasonable Assurance		The Board can take Reasonable Assurance (detail on the rating can be found in appendix 6) 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.
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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.

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.
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The audit work undertaken during 2021/22 and reported to the Audit and Assurance Committee has been aggregated at Section 5.

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

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit and Assurance Committee throughout the year. In addition, and where appropriate, work at either draft report stage or in progress but substantially complete has also been considered, and where this is the case then it is identified in the report. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements (see section 2.4.3).
- The results of any audit work related to the Health & Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module.
- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3).
- Other knowledge and information that the Head of Internal Audit has obtained during the year including cumulative information and knowledge over time; observation of Board and other key committee meetings; meetings with Executive Directors, senior managers and Independent Members; the results of ad hoc work and support provided; liaison with other assurance providers and inspectors; research; and cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

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

In reaching this opinion we have identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas.

From the opinions issued during the year, three were allocated Substantial Assurance, seven were allocated Reasonable Assurance. No reports were allocated a 'no assurance' opinion.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were 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 FINDINGS.

We have reported the findings using the eight areas of the Special Health Authority’s activities that we use to structure both our 3-year strategic and 1-year operational plans.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND REGULATORY COMPLIANCE

We have undertaken **two** reviews in this area.

We completed a review of the establishment of the governance arrangements to support DHCW and in particular whether the requirements of the Standing Orders had been adhered to. This was reported in the audit titled, **Governance Arrangements Part One** audit (substantial assurance). We found no significant matters, but recognised that work was still underway to develop the risk management process. We raised a recommendation to support this process and another recommendation to monitor the implementation of the Standing Orders.

The second audit in relation to the governance arrangements was titled, **Governance Arrangements Part Two** audit (reasonable assurance). Whilst Part One focussed on the Standing Orders, Part Two was a more focussed review of the risk management, performance monitoring and strategic planning governance arrangements.

Overall, the matters requiring management attention included:

- the finalisation of revised vision and mission statements, and linkage to existing strategic objectives and their supporting strategies, frameworks and programmes;
- improvement in the reporting to the Board of performance management;
- improvement in the planning and reporting of compliance with Health and Care Standards; and
- greater Board engagement in the process steps required to deliver Board Assurance Framework reporting from March 2022.

STRATEGIC PLANNING, PERFORMANCE MANAGEMENT & REPORTING

We have undertaken **one** reviews in this area.

The **Transitional Plan** audit (reasonable assurance) reviewed the risks associated with the transition from hosted a body (NHS Wales Informatics Service) to a Special Health Authority (Digital Health & Care Wales) and whether this was effectively managed.

We did not raise any significant findings, but did recommend that the project actions were tracked to closure.

FINANCIAL GOVERNANCE AND MANAGEMENT

We have undertaken **one** reviews in this area.

The review of Core Financial Systems audit (reasonable assurance) tested key financial processes (budgetary control, banking arrangements, procurement and use of agency staff).

We raised recommendations regarding:

- the Standing Financial Instructions and the Financial Control Procedure, to ensure they are fully met for budgetary control purposes;
- budget virements and formally authorised; and
- confirmation of pre-employment checks is obtained from suppliers, prior to agency staff commencing work.

QUALITY & SAFETY

We have not undertaken any reviews in this area.

INFORMATION GOVERNANCE & SECURITY

We have undertaken **four** reviews in this area.

The **Data Centre Transition** audit (substantial assurance) reviewed the project process for the transition of the data centre from the Blaenavon Data Centre to the new data location. We did not raise any recommendations.

The **Information** audit (reasonable assurance) reviewed the arrangements for maximising the use of data analytics, in an appropriate and secure manner. We raised recommendations regarding the:

- sign off of the user agreement and that the information specification is not always formally retained;
- future needs of the department and the associated tools and infrastructure are not fully defined;
- data extracts from the primary care systems are not subject to formal procedures;
- quality assurance and privacy assessment stages are not always formally retained; and
- uptake and user feedback on the information products is not included within formal reporting.

The **Welsh Radiology Information System (WRIS)** audit (reasonable assurance) tested the adequacy of the processes for the management of WRIS and data held. We raised the following recommendations:

- the performance monitoring process does not review and report on the system performance;
- the control of the database lies with local user organisations and as such DHCW cannot be assured of the controls over them;
- the level of resource within the WRIS team is not sufficient to allow for the development and implementation of all the required changes; and
- the setting of specific password controls has been devolved to user organisations.

The **System Development** audit (reasonable assurance) assessed the arrangements in place for securely developing and maintaining applications for NHS Wales.

We raised a recommendation that there is no structured training provision, changes to the stored procedures and local code are managed by the Support Team for WRIS and not the Development Team and there are regular security checks on code being developed.

OPERATIONAL SERVICE AND FUNCTIONAL MANAGEMENT

We have undertaken **one** review in this area.

The **GP System Procurement Project** audit (substantial assurance) was a review of the project arrangements in place. There were no significant findings raised, but we did recommend that the risk register is regularly reviewed.

WORKFORCE MANAGEMENT

We have undertaken **two** reviews in this area.

The **Workforce** audit (reasonable assurance) reviewed the process for recruiting staff. Overall, we have found that checks for substantive staff are undertaken, roles are adequately scrutinised before funding is approved and each role is appropriately banded.

However, we did recommend that the resource plan for DHCW is updated and a review of the Pre-employment Checks Register for agency staff is completed, to determine if it is still required or serving its intended function.

CAPITAL & ESTATES MANAGEMENT

We have not undertaken any reviews in this area.

AUDIT WALES BASELINE GOVERNANCE REVIEW

The Auditor General for Wales is the SHA's statutory External Auditor, and the Wales Audit Office undertakes audits on his behalf. Since 1 April 2020 the Auditor General for Wales and the Wales Audit Office are known collectively as Audit Wales. The Auditor General for Wales is required under the Public Audit (Wales) Act (2004) to:

- examine and certify the accounts submitted to him by the SHA, and to lay them before the Senedd;
- satisfy himself that expenditure and income have been applied to the purposes intended and are in accordance with authorities; and
- satisfy himself that the SHA has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

To help in the discharge of this responsibility, the AG undertakes annual Structured Assessment work at each NHS body that examines arrangements relating to corporate governance, financial management, strategic planning, and other factors affecting the way in which NHS bodies use their resources.

As Digital Health and Care Wales is a newly established statutory organisation, and in discussion with the Audit and Assurance Committee Chair, it was identified that an initial baseline assessment via a Baseline Governance Review would be undertaken for 2021/22. This will be followed up with a Structured Assessment in 2022/23.

The aim of undertaking a Baseline Governance Review is to aid organisational learning and development. The work undertaken by Audit Wales aims to answer the overall question: is DHCW making good progress in putting arrangements in place to support good governance and the efficient, effective, and economical use of resources?

The overall conclusion found: **“DHCW is making positive progress in putting arrangements in place to support good governance and the efficient, effective, and economical use of resources under challenging operating circumstances”.**

No formal recommendations were made as part of the review, however, a small number of opportunities for innovation and improvement for the Board to consider were made along with several observations the Board will want to reflect on and keep under review, these have been summarised below:

- DHCW has an opportunity to extend its brand as a Trusted Digital Partner; capitalising on a diverse range of experienced public and commercial sector independent members to bring new thinking and a fresh leadership approach.
- The Board could exploit the opportunities to lead innovation in new areas, for example:
 - Communication and engagement;
 - Digitally enabling health and care; and
 - Decision support tools
- DHCW is developing a distinctive house style for digestible, easy read reports and documents. This could be further tested and extended.
- DHCW may want to consider opportunities to further enhance public transparency of Board business by making recordings of Committee meetings available on its website.
- Keep under review the fact that there isn't a qualified accountant amongst the Independent Members.
- DHCW needs to progress work on the organisation's strategy to provide further clarity on its long-term vision and objectives.
- As DHCW develops its external partnerships there is an opportunity for systematic capture and use of narrative data to support programme co-design and delivery; increasing value creation and benefits realisation as a 'trusted digital partner' and leader of the new digital culture in Wales.

The recommendations from both Internal Audit and Audit Wales together with management's response were implemented and are recorded within the Audit Tracker, this is received at every Audit and Assurance Committee meeting.

DATA QUALITY

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

CONCLUSION

As indicated throughout this statement and the Annual Report the need to plan and respond to the COVID-19 pandemic has had a significant impact on the organisation, wider NHS and society as a whole. It has required a dynamic response which has presented a number of opportunities in addition to a number of risks. The need to respond and recover from the pandemic was with the organisation and wider society throughout 2021/22 and will be into the future. I will continue to ensure our Governance Framework considers and responds to this need. During the period 1 April 2021–20 May 2022 there have been no significant internal control or governance issues identified. This is due to the establishment of sound systems of internal control in place. It is recognised that further work will be necessary in 2022/23 to further develop these arrangements. It will be important to communicate widely with staff to further embed these arrangements as the organisation develops.

Signed by Helen Thomas

Chief Executive and Accountable Officer:

Date

DIRECTOR'S REPORT FOR THE PERIOD ENDED 31 MARCH 2022

The information required for this report can be found in the tables and pages of the annual report detailed below:

THE COMPOSITION OF THE BOARD AND MEMBERSHIP

Composition of Board: Appendix 1 provides detailed information in relation to the composition of the Board including executive directors and independent members, who have authority or responsibility for directing or controlling the major activities of DHCW during the financial year 2021/22. This includes the names of the Chair and Chief Executive. Table 1 also includes the names of the directors forming the Audit and Assurance Committee. Appendix 1 also details the meetings attended during the year and the champion roles agreed by Board Members for the forthcoming year. In addition, short biographies of all Board Members can be found on the Special Health Authority's website.

REGISTER OF INTERESTS

To ensure fair and equitable decision making members of the Board are required to declare any interests which may conflict with the organisation's responsibilities. This is updated on a regular basis and received by the Audit and Assurance Committee on behalf of the Board, it is published to the DHCW website under [key documents](#). A hard copy can be obtained from the Board Secretary on request.

PERSONAL DATA RELATED INCIDENTS

Information on personal data related incidents formally reported to the Information Commissioner's office and "serious untoward incidents" involving data loss or confidentiality breaches are detailed in the Annual Governance Statement.

ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES

Details of DHCW decarbonisation strategy and progress are in the [Performance Report](#).

STATEMENT FOR PUBLIC SECTOR INFORMATION HOLDERS

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

THE STATEMENT OF ACCOUNTING OFFICER’S RESPONSIBILITIES

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the SHA.

The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officer’s Memorandum issued by the Welsh Government.

I can confirm that:

- To the best of my knowledge there is no relevant audit information of which the entity’s auditors are unaware, and I as the Accountable Officer have taken all the steps that ought to have taken to make myself aware of any relevant audit information and have established that the entity’s auditors are aware of that information.
- The DHCW annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Chief Executive and Accountable Officer:

Date

STATEMENT OF DIRECTORS’ RESPONSIBILITIES

The directors are required under the National Health Service Act (Wales) 2006 to prepare accounts for each financial year. The Welsh Ministers, with the approval of the Treasury, direct that these accounts give a true and fair view of the state of affairs of the Special Health Authority and of the income and expenditure of the Special Health Authority for that period.

In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting principles laid down by the Welsh Ministers with the approval of the Treasury
- make judgements and estimates which are responsible and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account.

The directors confirm that they have complied with the above requirements in preparing the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the authority and to enable them to ensure that the accounts comply with the requirements outlined in the above-mentioned direction by the Welsh Ministers.

By Order of the Board

Signed:

Chair:

Date

Chief Executive and Accountable Officer:

Date

Director of Finance:

Date

REMUNERATION AND STAFF REPORT

REMUNERATION REPORT

The information contained in this report relates to the remuneration of the senior managers employed by Digital Health and Care Wales (DHCW). The definition of “Senior Manager” is: ‘those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments.’ For DHCW, the senior managers are considered to be the regular attendees of Board meetings, i.e. Members of the Executive Team and the Independent Members.

Existing public sector pay arrangements apply to all staff including members of the Executive Team.

All members of the Executive Team are on pay points and not pay scales.

The performance of members of the Executive Team is assessed against personal objectives and against the overall performance of the SHA. The SHA does not operate a performance related pay scheme.

The Chief Executive and Executive Directors are employed on permanent or fixed term contracts, which can be terminated by giving due notice unless for reasons of misconduct.

There have been no payments to former Executives or other former senior managers during the year.

The totals in some of the following tables may differ from those in the Annual Accounts as they represent staff in post at 31 March 2022 whilst the Annual Accounts (note 9.2) shows the average number of employees during the year.

Transparency of senior remuneration in the devolved Welsh Public Sector – a guide to Tackling Unfair Employment Practices and False Self-Employment can be found on gov.wales.

REMUNERATION AND TERMS OF SERVICE COMMITTEE

The pay and terms and conditions of employment for the Executive Team and senior managers have been and will be determined by the Remuneration and Terms of Service Committee, within the framework set by the Welsh Government. The SHA Remuneration Committee members are all the Independent Members of the Board. The Committee is chaired by the SHA Chair. The Terms of Reference for the Committee are reviewed on an annual basis. Details of the membership of the Remuneration & Terms of Service Committee are captured in [Appendix 1](#).

SALARY AND PENSION DISCLOSURES

SALARY AND PENSION DISCLOSURE TABLES (UNAUDITED) – SINGLE TOTAL FIGURE OF REMUNERATION

This Remuneration Report includes a single total figure of remuneration. The amount of pension benefits for the year which contributes to the single total figure is calculated based on guidance provided by the NHS Business Services Authority Pensions Agency.

The amount included in the table for pension benefit is based on the increase in accrued pension adjusted for inflation. This will generally take into account an additional year of service together with any changes in pensionable pay. This is not an amount which has been paid to an individual by the SHA during the year; it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a person’s salary, whether or not they choose to make additional contributions to the pension scheme from their pay, and other valuation factors affecting the pension scheme as a whole.

The salary and pension disclosures reflect the senior managers’ information. In 2021/21 the senior management team consists of the Chief Executive, the Executive Directors and the Independent Members (Non-Executive Directors), the Director of Information Communications Technology, Director of Application Development & Support, the Chief Operating Officer and the Board Secretary.

TABLE 1 - SINGLE TOTAL FIGURE OF REMUNERATION

Name	(a) Salary (£'000) £5k bands	(b) Bonus payments (£'000) £5k bands	(c) Benefits in kind £ (to the nearest £100)	(d) Pension benefits £'000 (to the nearest £1000)	(e) Total £'000 £5k bands
Executive and Senior Management					
Helen Thomas	150 - 155	-	-	***	150 - 155
Claire Osmundsen-Little	120 - 125	-	-	***	120 - 125
Chris Darling	75 - 80	-	-	***	75 - 80
Rhidian Hurle	155 - 160	-	-	***	155 - 160
Michelle Sell	90 - 95	-	-	***	90 - 95
Carwyn Lloyd-Jones	105 - 110	-	-	***	105 - 110
Gary Bullock (1)	25 - 30	-	-	***	25 - 30
Meirion George (2)	95 - 100	-	-	***	95 - 100

(1) Gary Bullock retired 30th June 2021

(2) Meirion George commenced 5th May 2021

*** As DHCW only became fully operational on 1st April 2021 it is not possible to include prior year pension benefit figures for Senior Management. A full disclosure will be made in the 2022-23 Remuneration Report

[Continued on next page]

[Continued from previous page]

Name	(a) Salary (£'000) £5k bands	(b) Bonus payments (£'000) £5k bands	(c) Benefits in kind £ (to the nearest £100)	(d) Pension benefits £'000 (to the nearest £1000)	(e) Total £'000 £5k bands
Non-Executive Directors					
Simon Jones (3)	20 - 25	-	-	-	20 - 25
Robert Hudson (4)	20 - 25	-	-	-	20 - 25
Marian Jones	5 - 10	-	-	-	5 - 10
Sian Doyle (5)	5 - 10	-	-	-	5 - 10
Ruth Glazzard	20 - 25	-	-	-	20 - 25
David Selway	5 - 10	-	-	-	5 - 10
Rowan Gardener	5 - 10	-	-	-	5 - 10
Grace Quantock	5 - 10	-	-	-	5 - 10

(3) Simon Jones commenced 1st October 2021

(5) Sian Doyle left 30th November 2021

(4) Robert Hudson left 30th September 2021

SALARY AND PENSION DISCLOSURE CASH EQUIVALENT TRANSFER VALUES

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme.

A CETV is a payment made by a pension scheme or an arrangement to secure pension benefits in another pension scheme or an arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. REAL INCREASE IN CETV This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

TABLE 2 - SALARY AND PENSION DISCLOSURE TABLES (AUDITED) – SINGLE TOTAL FIGURE OF REMUNERATION Pension Benefits 2021-22

Name and Title	(a) Real increase in pension at pension age (bands of £2,500) £000	(b) Real increase in pension lump sum at pension age (bands of £2,500) £000	(c) Total accrued pension at pension age at 31 March 2022 (bands of £5,000) £000	(d) Lump sum at pension age related to accrued pension at 31 March 2022 (bands of £5,000) £000	(e) Cash Equivalent Transfer Value at 1 April 2021 £000	(f) Cash Equivalent Transfer Value at 31 March 2022 £000	(g) Real increase in Cash Equivalent Transfer Value £000	(h) Employer's contribution to stakeholder pension £000
Ms Helen Thomas Chief Executive Officer	***	***	55 - 60	125 - 130	***	1,052	***	***
Ms Claire Osmundsen-Little Executive Director of Finance	***	***	10 - 15	-	***	132	***	***
Mr Chris Darling Board Secretary	***	***	20 - 25	30 - 35	***	625	***	***
Mr Rhidian Hurle Executive Medical Director	***	***	50 - 55	105 - 110	***	989	***	***
Ms Michelle Sell Chief Operating Officer	***	***	30 - 35	60 - 65	***	564	***	***
Dr Carwyn Lloyd-Jones Director of ICT	***	***	25 -30	45 - 50	***	465	***	***
Mr Gary Bullock Director of ADS	***	***	45 - 50	135 - 140	***	-	***	***
Mr Meirion George Assistant Director of ADS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*** As DHCW only became fully operational on 1st April 2021 it is not possible to include prior year pension benefit figures for Senior Management. A full disclosure will be made in the 2022-23 Remuneration Report

REMUNERATION RELATIONSHIP

The details of the Remuneration Relationship are reported later in the Accountability Report and note 9.6.1 of the Annual Accounts.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director/employee in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The 2021-22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required.

In the 2021-22, operational period 0 employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £20,330 to £155,403.

The median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the entity's employees taken as a whole.

Prior year ratios are not available to enable any comparison.

TABLE 3 - THE ALL STAFF RANGE INCLUDES DIRECTORS (including the highest paid director) and excludes pension benefits of all employees.

	2021 -2022	2021 -2022	2021 -2022
	£000	£000	£000
Total pay and benefits	Chief Executive	Employee	Ratio
25th percentile pay ratio	152.5	28.9	5.3:1
Median pay	152.5	38.5	4.0:1
75th percentile pay ratio	152.5	46.9	3.3:1
Salary component of total pay and benefits			
25th percentile pay ratio	152.5	27.8	5.5:1
Median pay	152.5	34.2	4.5:1
75th percentile pay ratio	152.5	45.8	3.3:1

Total pay and benefits	Highest Paid Director	Employee	Ratio
25th percentile pay ratio	157.5	28.9	5.4:1
Median pay	157.5	38.5	4.1:1
75th percentile pay ratio	157.5	46.9	3.4:1
Salary component of total pay and benefits			
25th percentile pay ratio	157.5	27.8	5.7:1
Median pay	157.5	34.2	4.6:1
75th percentile pay ratio	157.5	45.8	3.4:1

STAFF REPORT

NUMBER OF SENIOR STAFF

As of 31 March 2022, there were 6 senior staff that made up the Executive Team; they were also members of the Board or regular attendees. There was movement within the year which is detailed in Appendix 1.

STAFF NUMBERS AND COMPOSITION

TABLE 4 - BREAKDOWN OF NUMBER OF STAFF BY GROUP

The following table shows the **average** number of staff employed by DHCW by group from 1 April 2021 to 31 March 2022. The only staff group in DHCW is Administrative and Clerical and Board Members.

Staff Group	Permanently and Fixed Term Employed WTE	Agency WTE	Staff on Inward secondment WTE	2021/22 Total WTE
Administrative, Clerical and Board Members	878	8	4	890

TABLE 5 - GENDER BREAKDOWN OF THE BOARD

The following table shows the total WTE breakdown of the Board as at 31 March 2022.

Position	Gender	
	Female	Male
Board Secretary		1
Chair		1
Chief Executive Officer	1	
Chief Operating Officer	1	
Director of ICT		1
Executive Director of Finance	1	
Executive Medical Director		1
Independent Member	3	1
Independent Member – Vice Chair	1	
Grand Total	7	5
% of total	58%	42%

TABLE 6 -GENDER BREAKDOWN OF EXECUTIVE TEAM VS OTHER EMPLOYEES

The following table shows the total WTE of the executive vs other employees as at 31 March 2022

Staff Composition at 31/3/22 (headcount)	Female	Male
Senior Staff (Executive Team)	3	3
Other Employees	375	563
All Staff	378	566
% All Staff	40%	60%

SICKNESS ABSENCE DATA

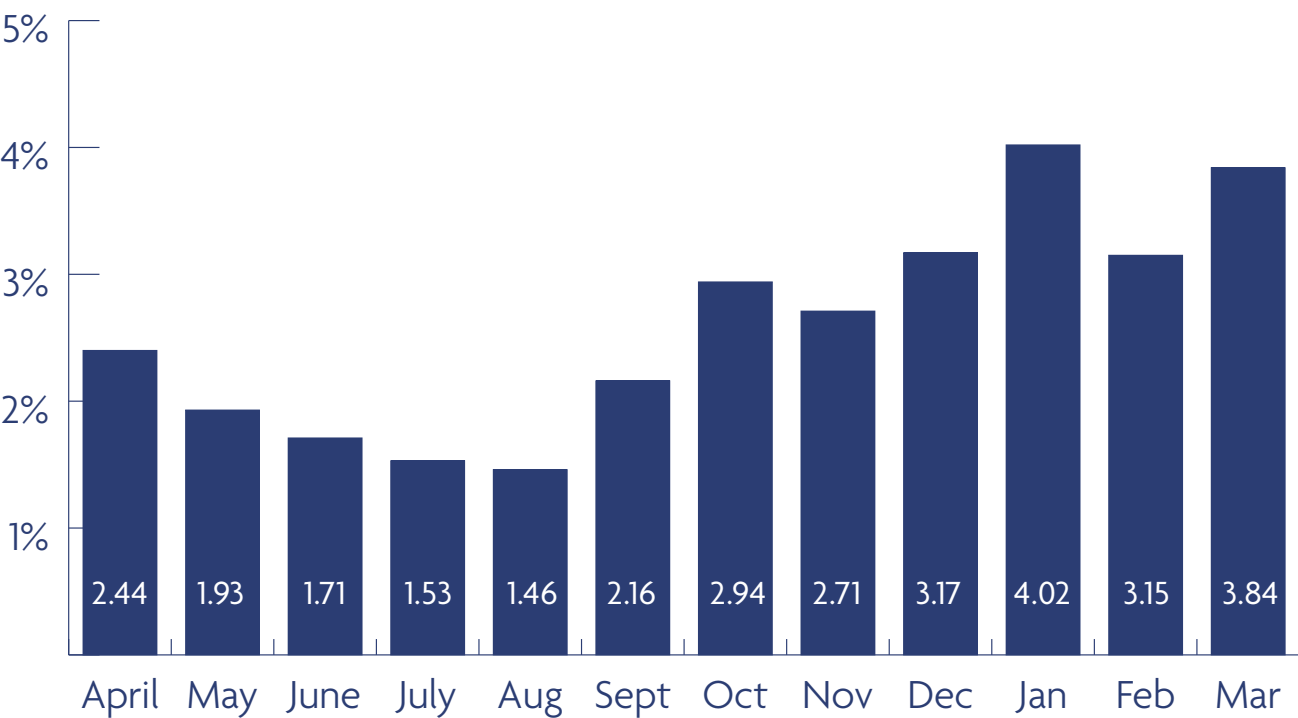
The Workforce team works with Directorates to support and manage the wellbeing of staff and sickness absence. Monthly performance reports are developed for Directorates and Executive colleagues to monitor sickness and COVID sickness absence. Interventions to support managers are aligned to reasons for sickness to ensure effective interventions that support staff.

DHCW also offers and provides staff with access to an Occupational Health Service and access to an Employee Assistance Programme, which family members can also access for free. The top reasons for sickness absence across the organisation during 2021/2022 was Stress/Anxiety & Depression and COVID. DHCW’s Health and well-Being Group meet on a bi-monthly basis to ensure that we are continuously reviewing our well-being support offering for our staff.

The data shows the sickness absence levels during 2021/22. The current rate as at 31 March 2022 is 3.84%.

TABLE 7 - ANNUAL SICKNESS ABSENCE BREAKDOWN

The following table shows % of WTE sickness absence by month



Percentage Sickness Absence 2021/2022

TABLE 8 - NUMBER OF DAYS LOST TO SICKNESS

Description	As at 31st March 22	WTE
Days lost Long Term	5426	5325.3
Days lost Short Term	3258	3182.4
Total Days lost	8684	8507.68
Average Working days lost	9 days	9 days
Total Staff employed in the period	969	944
Total staff employed with No absence	502	509.3
% no sick leave	53%	

POLICIES APPLIED DURING THE FINANCIAL YEAR

On the 1 April 2021 DHCW adopted the existing All-Wales policies and under Transfer of Undertakings (Protection of Employment) Regulations (TUPE) the policies in place at Velindre University NHS Trust. These can be found in the SHA Board papers on our website [here](#).

All SHA policies and procedures are equality impact assessed against the nine protected characteristics, to ensure that they do not discriminate against people who apply to work in the SHA or are employed by the SHA. All policies and procedures are available to access via the DHCW website.

Additional policies were adopted and implemented throughout the year, they are as follows:

- All Wales Secondment Policy
- All Wales Respect and Resolution Policy
- All Wales Reserve Forces Training and Mobilisation
- Communications and Media Management Policy
- Anti-Malware Policy
- Capital Management Procedure
- Security and Counter Terrorism Policy
- Water Safety Policy

Working in a remote and hybrid way across the year meant ways of working evolved across the organisation, there was continued focus on ensuring staff felt engaged and their views were considered. Staff briefings with the CEO and varied guests took place every six weeks to share information. Views were sought via a homeworking and wellbeing survey undertaken midway through the year to ensure the New ways of working group were able to make informed decisions on actions that responded to the views expressed in the survey.

HEALTH & WELLBEING, EQUALITY, DIVERSITY AND INCLUSION

Staff health and wellbeing was a significant priority for the organisation throughout 2021-22. We successfully retained our Gold Corporate Health Standard in January 2022 as well recertification of the BS76000 Valuing People and BS76005 Valuing People through Diversity and Inclusion Standards.

Workforce colleagues continue to support a variety of ISO Standards and is committed to being an exemplar in this area. For the future, the organisation will support the new ISO30415 for Diversity and Inclusion and will build on the good foundations and achievements already in place as equality, fairness and diversity of the workforce is a key commitment of the DHCW Board.

As an organisation we undertook and signposted a wide range of activities throughout the year to support Health and Wellbeing, Equality, Diversity and Inclusion championed by the Health and Wellbeing group and detailed on our group SharePoint page. We undertook and supported activities in support of the following:

- International Women's Day
- LGBTQ+ & Menopause
- LGBTQ+ History Month
- NHS Wales Equality Week
- St David's Day
- PRIDE
- International Men's Day
- Dyslexia Awareness Day
- Black History Month
- Black Lives Matter internal webinar

A range of local and national resources were provided to support staff on a variety of topics:

- Home working advice
- Virtual Wellbeing Room
- Alcohol Awareness
- Domestic Abuse
- Leisure and Fitness information
- Substance misuse awareness
- Quit Smoking
- Yammer communities (Social networking forums)
- Bereavement support
- Support for those experiencing isolation and loneliness
- Information and Resources specific to BAME staff
- Links to Trade Unions and other Professional Organisations
- General Health and Wellbeing
- Helplines

Across Digital Health and Care Wales there are trained Mental Health First Aiders who are available to talk to staff in confidence when they are in need of support. There is a dedicated area on SharePoint and Microsoft Teams (Virtual Wellbeing room) to provide information on how to access the service and other mental health and wellbeing resources.

DHCW is committed to inclusion and work led by staff to define what this looks like and how the organisation can become a truly inclusive organisation both internally and in the services it provides took place in 2021.

REPORTING OF OTHER COMPENSATION SCHEMES – EXIT PACKAGES

During 2021/2022 an exit package was approved for 1 member of staff with a value of £14,442. The exit costs were paid in 2021/2022, the year of departure. This package was paid in accordance with recognised NHS terms and conditions of service/SHA Policy. This package did not relate to a senior officer.

SELLING OF ANNUAL LEAVE SCHEME

NHS organisations and Trade Union colleagues have worked in partnership to develop a scheme to allow individuals to sell unused annual leave within the 2021/22 leave year.

The scheme enabled individuals to sell up to 10 days annual leave from their 2021/22 annual leave entitlement inclusive of any leave carried over from previous annual leave years. For Medical and Dental staff this applied to the leave year which commenced on or after 1 January 2021.

The total paid in respect of unused annual leave amounted to £0.230m for the financial year, with £0.082m paid during the financial year and the balance of £0.148m scheduled for payment in 2022/23.

EXPENDITURE ON CONSULTANCY SERVICES

During 2021/2022 the SHA spent £0.903m of its revenue funding on external consultancy services.

For the purpose of the statutory accounts, consultancy is defined as time limited/ad-hoc assignments related to the provision of professional and strategic advice and not directly attributable to activities delivering digital products.

Examples include:

- Accountancy & Commercial fees
- Legal fees
- Design fees
- IT consultancy and advice

TAX ASSURANCE FOR OFF-PAYROLL ENGAGEMENTS

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments must publish information on their highly paid and/or senior off-payroll engagements. The information, contained in the three tables below, includes all off-payroll engagements as at 31 March 2021 for those earning more than £245 per day for the core SHA and any hosted organisations.

TABLE 9 - ALL OFF-PAYROLL ENGAGEMENTS AS OF 31 MARCH 2022, FOR MORE THAN £245 PER DAY

No. of existing engagements as of 31 March 2022	32
Of which, the number that have existed :	
for less than one year at time of reporting.	16
for between one and two years at time of reporting.	15
for between two and three years at time of reporting.	1
for between three and four years at time of reporting.	0
for four or more years at time of reporting.	0

Within the total number of off-payroll engagements disclosed, eleven engagements related to staff seconded from other NHS Wales Organisations.

All the off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax, and where necessary, that assurance has been sought.

TABLE 10 - ALL NEW OFF-PAYROLL ENGAGEMENTS BETWEEN 1 APRIL 2021 AND 31 MARCH 2022, FOR MORE THAN £245 PER DAY

Number. of new engagements between 1 April 2021 and 31 March 2022	15
Of which...	
No. assessed as caught by IR 35	15
No. assessed as not caught by IR 35	0
No. engaged directly (via PSC contracted to department) and are on the departmental payroll.	0
No. of engagements reassessed for consistency/assurance purposes during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0

Within the total number of new off-payroll engagements disclosed, 15 engagements related to staff seconded from other NHS Wales Organisations.

TABLE 11- ANY OFF-PAYROLL ENGAGEMENTS OF BOARD MEMBERS, AND/OR, SENIOR OFFICIALS WITH SIGNIFICANT FINANCIAL RESPONSIBILITY, BETWEEN 1 APRIL 2020 AND 31 MARCH 2021

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both off-payroll and on-payroll engagements.	0

STATEMENT OF ASSURANCE

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

Helen Thomas

Chief Executive and Accountable Officer, Digital Health and Care Wales

14 June 2022



THE WELSH PARLIAMENTARY ACCOUNTABILITY & AUDIT REPORT

FOR THE YEAR ENDED 31 MARCH 2022

REGULARITY OF EXPENDITURE

Regularity is the requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, any applicable delegated authority and the rules of Government Accounting. The Digital Health and Care Wales (DHCW) Board ensures the funding provided by Welsh Ministers has been expended for the purposes intended by Welsh Ministers and that the resources authorised by Welsh Ministers to be used have been used for the purposes for which the use was authorised. The Chief Executive is the Accountable Officer and ensures that the financial statements are prepared in accordance with legislative requirements and the Treasury’s Financial Reporting Manual. In preparing the financial statements, the Chief Executive is required to:

- observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
- prepare them on a going concern basis on the presumption that the services of the Special Health Authority will continue in operation.

FEES AND CHARGES

Where DHCW undertakes an activity which is not funded directly by the Welsh Government, DHCW receives income to cover its costs. Further detail of income received is published in the annual accounts. DHCW confirms it has complied with cost allocation and the charging requirements set out in HM Treasury guidance during the year.

REMOTE CONTINGENT LIABILITIES

Remote contingent liabilities are those liabilities that due to the unlikelihood of a resultant charge against DHCW are therefore not recognised as an expense nor as a contingent liability. Detailed below are the remote contingent liabilities as at 31 March 2022.

	2021 - 2022
Guarantees	Nil
Indemnities	Nil

THE CERTIFICATE AND INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES TO THE SENEDD

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of Digital Health and Care Wales Special Health Authority for the period ended 31 March 2022 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers' Equity and related notes, including a summary of

significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Digital Health and Care Wales Special Health Authority as at 31 March 2022 and of its net operating costs for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

OPINION ON REGULARITY

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

BASIS OF OPINION

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Chief Executive is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

REPORT ON OTHER REQUIREMENTS

Opinion on other matters

In my opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report and Accountability Report has been prepared in accordance with Welsh Ministers' guidance.

RESPONSIBILITIES

Responsibilities of Directors and the Chief Executive for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the audited entity's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Digital Health and Care Wales Special Health Authority's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non[1]compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following area: management override;
- Obtaining an understanding of Digital Health and Care Wales Special Health Authority's framework of authority as well as other legal and regulatory frameworks that Digital Health and Care Wales Special Health Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Digital Health and Care Wales Special Health Authority.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Assurance Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Digital Health and Health Care Wales’s controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor’s responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor’s report.

RESPONSIBILITIES FOR REGULARITY

The Chief Executive is responsible for ensuring the regularity of financial transactions. I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

REPORT

I have no observations to make on these financial statements.

FINANCIAL STATEMENTS AND NOTES 2021/22

FOREWORD

These accounts have been prepared by Digital Health & Care 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.

STATUTORY BACKGROUND

DHCW was established by establishment order 2020 No 1451 (W313) under section 22 of the National Health Service (Wales) Act 2006 (“the Act”), which was made on 7th December 2020 and came into force on the 30th December 2020.

DHCW operated in a shadow form until 1 April 2021 with all establishment and set up costs being borne by the Welsh Government, and Public Health Wales NHS Trust. The predecessor body NHS Wales Informatics Services (NWIS) hosted by Velindre University NHS Trust delivered operational activity to 31st March 2021.

On 1st April staff were transferred into DHCW and the organisation became fully operational.

These accounts, whilst covering the period 30th December 2020 to 31st March 2022, present the accounting transactions only for the period of live operation from 1st April 2021 to 31st March 2022.

DHCW is the second Special Health Authority within Wales created to take forward the digital transformation needed for better health and care in Wales, making services more accessible and sustainable while supporting personal health and well-being.

PERFORMANCE MANAGEMENT AND FINANCIAL RESULTS

DHCW 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 DHCW which is funded by the Welsh Government. This funding is allocated on receipt directly to the General Fund in the Statement of Financial Position.

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

Performance against these limits is reported in Note 2 to the financial statements.

FINANCIAL ACCOUNTABILITY REPORT

The SHA has completed its first full year of operation since transitioning from being a hosted body within Velindre NHS Trust to its own statutory Special Health Authority status and consequently is now required to prepare accounts for the financial period 30 December 2020 to 31 March 2022 and subsequent financial years.

During this time, the organisation has embedded the financial systems, controls, governance and reporting required to meet both statutory requirements and business need within the challenging context of the COVID-19 pandemic.

Digital solutions supporting the pandemic response (Test, Trace & Protect and Mass Immunisation scheduling systems) resulted in an additional requirement of £11.492m revenue and capital £0.865m capital investment. Funding from Welsh Government was secured in order to ensure that there was no additional organisational financial impact upon its ability to break even.

DHCW also leads the delivery of a number of digital initiatives supported by the Welsh Governments Digital Priority Investment Fund. For 2021/22 the SHA received £14.421m in revenue funding and £7.129 in capital.

The future focus will remain on providing first class digital information and solutions to support effective patient care and citizen services, some will require shifts in technology (such as transition to cloud first services) which will require additional revenue funding for the organisation to meet its financial targets.

FINANCIAL TARGETS

DHCW 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.

- Statutory Financial Duties – First Financial Duty

Section 172(1) sets out what is referred to as the ‘First Financial Duty’ -a duty to secure that DHCW 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. DHCW was in shadow form for the period 30 December 2020 to 1 April 2021, no resource allocations were made to DHCW for this period. The entity was dormant for the purposes of accounting, with expenditure incurred by predecessor entities for service provision to the date of transfer, or by Welsh Government for establishment costs. Revenue and Capital resource allocations were issued to DHCW for the period 1 April 2021 to 31 March 2022 and will form the basis of assessment of the First Financial Duty in the first statutory accounts.

ADMINISTRATIVE FINANCIAL DUTIES – SECOND FINANCIAL DUTY

The ‘Second Financial Duty’ for NHS bodies in Wales is the duty to prepare a plan and for that plan to be submitted to and approved by the Welsh Ministers.

Due to the pandemic, the process for the 2020-23 integrated plan was paused in spring 2020 and temporary planning arrangements were implemented.

The NHS Wales Annual Planning Framework 2021-22 set out an expectation that all health bodies in Wales would submit a board approved annual plan by 31 March 2021. As DHCW was not in full operation until 31 March 2021 it was not feasible to achieve this, however the DHCW board approved the 2021-22 annual plan on 27 May 2021.

FINANCIAL PERFORMANCE

DHCW is reporting the achievement all financial targets set

- Break even duty - DHCW has an annual requirement to achieve a balanced year end position against the Resource and Capital limits set for the year. The SHA reported a revenue surplus of £0.366m and capital underspend of £0.010m for the financial year therefore achieving its statutory financial duty to achieve financial break even.
- The SHA produced an Annual Plan for the period 2021/2022 which submitted in accordance with the NHS Wales Planning Framework, however it should be noted that due to the pandemic, the process for the 2020-23 integrated plan was paused in spring 2020 and temporary planning arrangements were implemented. As a result, DHCW did not have a formal administrative duty to have an approved plan for 2021-22.
- As DHCW only had an annual duty to report, there is no extant formal planning duty to report against which was subsequently approved by the DHCW Board. Therefore, the SHA met its statutory duty
- Creditor payments - The SHA is required to pay 95% of the number of non- NHS bills within 30 days of the receipt of goods or a valid invoice (whichever is the later). The SHA has met this target, paying 97% of invoices within the required timeframe.

FEES AND CHARGES – AUDITOR REMUNERATION

Fees paid to the Audit Wales for their statutory audit and performance audit work were £215,522.

APPENDIX 1 - BOARD AND COMMITTEE MEMBERSHIP AND ATTENDANCE 1 APRIL 2021 TO 31 MARCH 2022

Name	Position	Area of Expertise/Interest Role	Board/Committee Membership	Meeting Attendance	Champion Roles
Simon Jones (*)	Chair	Board cohesion and oversight Partnership working across the system	Board RATS Committee (Chair)	4/4 3/3	N/A
Robert Hudson (*)	Interim Chair	N/A	Board RATS Committee (Interim Chair)	4/4 2/2	N/A
Ruth Glazzard	Vice-Chair	Stakeholder engagement strategy with focus on patient and citizen experience Champion primary, community and mental health digital services National strategic primary care programme Advice and advocacy to the decarbonisation and quality and regulatory agendas	Board RATS Committee (Vice Chair) Audit and Assurance Committee	8/8 5/5 3/4	Mental health Children and Young People Older Persons
Rowan Gardner	Independent Member	Research and Innovation strategy Population health and Value-Based healthcare agenda Cyber Security	Board RATS Committee Digital Governance and Safety Committee (Chair)	8/8 5/5 4/4	Infection prevention and control Research Armed forces and veterans
David Selway	Independent Member	National Data Resource programme Stakeholder engagement strategy with focus on patient and citizen experience DHCW product approach	Board RATS Committee (Vice Chair) Audit and Assurance Committee Digital Governance and Safety Committee (Vice Chair)	8/8 5/5 4/4 4/4	Putting Things Right
Grace Quantock	Independent Member	Workforce and professional development	Board RATS Committee Audit and Assurance Committee (Vice Chair)	7/8 5/5 4/4	Equality
Marian Wyn Jones	Independent Member	DHCW Communications function review DHCW Communications and public relations approach	Board RATS Committee Audit and Assurance Committee (Chair)	8/8 5/5 4/4	Raising concerns(staff) Welsh Language

Name	Position	Area of Expertise/Interest Role	Board/Committee Membership	Meeting Attendance	Champion Roles
Siân Doyle	Independent Member	N/A	Board RATS Committee Digital Governance and Safety Committee (Previous Chair)	6/6 3/3 3/3	N/A
Helen Thomas	Chief Executive	N/A	Board	8/8	N/A
Claire Osmundsen-Little	Deputy Chief Executive/ Director of Finance	N/A	Board	8/8	N/A
Rhidian Hurle	Executive Medical Director	N/A	Board	8/8	N/A
Chris Darling	Board Secretary	N/A	Board	8/8	N/A
Carwyn Lloyd Jones	Director of Information Communication Technology and Digital Business	N/A	Board	8/8	N/A
Michelle Sell	Chief Operating Officer	N/A	Board	8/8	N/A
Rachael Powell**	Associate Director of Research, Information and Innovation	N/A	Board	5/5	N/A
Ifan Evans ***	Executive Director of Digital Strategy	N/A	Board	0/0	N/A
Gareth Davis***	Executive Director of Operations (Interim)	N/A	Board	0/0	N/A
Sarah-Jane Taylor***	Director of People and OD	N/A	Board	0/0	N/A

(*) Denotes a member who left or joined part way through the year, attendance reflects the number of Board and Committee meetings before the exit or after the start date.

(**) Denotes a change to the organisational structure with the Medical Director becoming the Executive accountable in this area, hence the non-attendance at the last two Board meetings of the year.

(***) Denotes Directors appointed within the year with start dates after the 31 March 2022.

APPENDIX 2 – LEAD OFFICERS

Committee	Officer
Audit and Assurance Committee	Director of Finance
Remuneration and Terms of Service	Chief Executive Officer supported by the Head of Workforce and OD
Digital Governance and Safety Committee	Medical Director

APPENDIX 3 - SCHEDULE OF BOARD, COMMITTEE AND ADVISORY GROUP MEETINGS 2021/22

Board/ Committee	April	May	June	July	August	September	October	November	December	January	February	March
DHCW SHA Board	01/04/2021	27/05/2021	N/A	29/07/2021	N/A	30/09/2021	14/10/2021	25/11/2021	N/A	27/01/2022	N/A	31/03/2022
Audit and Assurance Committee	N/A	11/05/2021	N/A	06/07/2021	N/A	N/A	05/10/2021	N/A	N/A	18/01/2022	N/A	N/A
Remuneration and Terms of Service		N/A	N/A	01/07/2021	N/A	N/A	29/10/2021	N/A	N/A	20/01/2022	N/A	10/03/2022
Digital Governance and Safety Committee	N/A		N/A	N/A	11/08/2021	N/A	N/A	15/11/2021	N/A	N/A	18/02/2022	N/A
Local Partnership Forum	N/A	N/A	N/A	N/A	10/08/2021	N/A	12/10/2021	N/A	07/12/2021	N/A	08/02/2022	N/A

APPENDIX 4 – MINISTERIAL DIRECTIONS

Ministerial Directions (MDs)	Date/Year of Adoption	Action to demonstrate implementation/response
2021. No.41 – Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) Directions 2021	April 2021	N/A
2021. No.59 – The Directions to Local Health Boards and NHS Trusts in Wales on the Delivery of Autism Services 2021	July 2021	N/A
2021. No.65 – The Primary Care (PfizerBioNTech Vaccine COVID-19 Immunisation Scheme) Directions 2021	July 2021	N/A
2021. No.70 – The Primary Care (Contracted Services: Immunisations) Directions 2021	August 2021	N/A
2021. No.75 – Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) (No. 2) Directions 2021	September 2021	N/A
2021. No.77 – The National Health Service (General Medical Services – Recurring Premises Costs during the COVID-19 Pandemic) (Wales) (Revocation) Directions 2021	September 2021	N/A
2021. No.83 – The Pharmaceutical Services (Fees for Applications) (Wales) Directions 2021	October 2021	N/A
2021. No.84 – The Directions to Local Health Boards as to the Personal Dental Services Statement of Financial Entitlements (Amendment) Directions 2021	October 2021	N/A
2021. No.85 – The Directions to Local Health Boards as to the General Dental Services Statement of Financial Entitlements (Amendment) (No.2) Directions 2021	October 2021	N/A
2021. No.88 – The Directions to Local Health Boards as to the General Dental Services Statement of Financial Entitlements (Amendment) (No. 3) Directions 2021	October 2021	N/A
2021. No.89 – The Directions to Local Health Boards as to the Personal Dental Services Statement of Financial Entitlements (Amendment) (No. 3) Directions 2021	October 2021	N/A

Ministerial Directions (MDs)	Date/Year of Adoption	Action to demonstrate implementation/response
2021. No.90 – The Primary Medical Services (Influenza and Pneumococcal Immunisation Scheme) (Directed Enhanced Service) (Wales) (No. 2) (Amendment) Directions 2021	November 2021	N/A
2021. No.93 – Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) (No.3) Directions 2021	December 2021	N/A
2021. No.97 – The Primary Care (Contracted Services: Immunisations) (Amendment) Directions 2021	December 2021	N/A
2022. No.06 – The Pharmaceutical Services (Clinical Services) (Wales) Directions 2022	March 2022	N/A
2022. No.13 – The Wales Infected Blood Support Scheme (Amendment) Directions 2022	March 2022	N/A

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Name	Date Issued	Applicable/ Not applicable	Date/Year of Adoption if relevant	Action to demonstrate implementation/response
The NHS (Cross Border Healthcare) (Wales) Amendment Directions 2021 and NHS (Reimbursement of the Cost of EEA Treatment) (Wales) (Amendment) Directive 2021 (WHC/2021/005)	06/04/2021	N/A at this stage	N/A	Reviewed by Executive Directors at their weekly meeting and forwarded to the Information Governance Officer who confirmed that it had little reference to DHCW's current responsibilities and there was no requirement for any further action at this stage
Revised National Steroid Treatment Card (WHC/2021/008)	01/05/2021	N/A	N/A	Reviewed by Executive Directors at their weekly meeting where it was agreed there were no implications for DHCW and closed.
School Entry Hearing Screening Pathway (WHC/2021/009)	25/03/2021	N/A	N/A	Reviewed by Executive Directors at their weekly meeting where it was agreed there were no implications for DHCW and closed.
Amendments to Model Standing Orders, Reservation and Delegation of Powers and Model Standing Financial Instructions – NHS Wales (WHC/2021/010)	16/09/2021	N/A	N/A	Reviewed by Executive Directors at their weekly meeting where it was agreed there was no action for DHCW due to the model standing orders and standing financial instructions being issued at the start of 21/22 as a new organisation but any further WHC of this type would sit with the Board Secretary.

Name	Date Issued	Applicable/ Not applicable	Date/Year of Adoption if relevant	Action to demonstrate implementation/response
2021/22 LHB, SHA & Trust Monthly Financial Monitoring Return Guidance (WHC/2021/011)	23/04/2021	N/A	N/A	Reviewed by the Executive Directors at their weekly meeting and confirmed no action required.
Implementing the Agreed Approach to Preventing Violence and Aggression Towards NHS Staff in Wales (WHC/2021/012)	22/04/2021	Applicable	TBC	Reviewed by the Executive Directors at their weekly meeting and cascaded to Workforce for action by DHCW. Planned deployment for Q1 22/23.
List of Welsh Health Circulars - (WHC/2021/014)	18/05/2021	For information	N/A	N/A
NHS Pay Bonus for Primary Care (WHC/2021/015)	28/05/2021	Applicable	N/A	Reviewed by the Executive Directors at their weekly meeting. Further discussions with Workforce confirmed the action was closed.
Publication of the Quality Safety Framework (WHC/2021/022)	17/09/2021	Applicable	April 2023	Reviewed by the Executive Directors at their weekly meeting. Agreed that the Medical Director would provide oversight and the document was circulated to all staff on 04/10/2021.
NHS Wales' contribution towards a net-zero Public Sector by 2030: NHS Wales Decarbonisation Strategic Delivery Plan (WHC/2021/024)	08/09/2021	Applicable	18/01/2021	Reviewed by the Executive Directors at their weekly meeting. Agreed this sits with the Head of Corporate Services for oversight and implementation. The Head of Corporate Services continues to work on this, and a presentation was provided to the Audit and Assurance Committee on 18/01/2022
Carpal Tunnel Syndrome Pathway (WHC/2021/025)	15/09/2021	N/A	N/A	Reviewed by the Executive Directors at their weekly meeting and confirmed no action required for DHCW.
Overseas Visitors' Eligibility to receive free primary care (WHC/2021/026)	06/10/2021	N/A	N/A	Reviewed by the Executive Directors at their weekly meeting and agreed there were no implications for DHCW.
NHS Wales Blood Health Plan (WHC/2021/027)	27/09/2021	N/A	N/A	Sent to the Medical Director for review who confirmed no action required for DHCW.
AMR & HCAI Improvement Goals for 2021-22 (WHC/2021/028)	27/09/2021	Applicable	N/A	The Medical Director confirmed there was no further action for DHCW.
NHS Wales Planning Framework 2022-2025 (WHC/2021/031)	09/11/2021	Applicable	31/03/2022	The IMTP was signed off and submitted to Welsh Government within the time frame.
Role and Provision of Dental Public Health in Wales (WHC/2021/032)	16/11/2021	N/A	N/A	Reviewed by the Executive Directors at their weekly meeting and confirmed no action required for DHCW.
Role and Provision of Oral Surgery in Wales (WHC/2021/033)	14/12/2021	N/A	N/A	Reviewed by the Medical Director and confirmed no implications for DHCW

Name	Date Issued	Applicable/ Not applicable	Date/Year of Adoption if relevant	Action to demonstrate implementation/response
Welsh Value in Health Care – Data Requirements (WHC/2022/005)	24/03/2022	Applicable	TBC	Reviewed by the Executive Directors at their weekly meeting and assigned to the Medical Director.
The Recording of Dementia READ Codes	15/02/2022	N/A	N/A	Reviewed by the Executive Directors at their weekly meeting and confirmed there were no implications for DHCW. The Medical Director confirmed that data requirements will be supported through the appropriate governance.
Reimbursable vaccines and eligible cohorts	29/03/2022	N/A	N/A	To be reviewed by the Executive Directors at their meeting on 13/04/2022. It was agreed at the meeting there were no implications for DHCW relating to this WHC.
Patient Testing Framework – updated guidance	24/03/2022	N/A	N/A	Reviewed by the Executive Directors and confirmed there was no action to be taken by DHCW.

APPENDIX 5 - DHCW SYSTEM MAP AND ACRONYM BUSTER



	Adult Screening Services encompasses the development, support and maintenance of the following products, Abdominal Aortic Aneurysm Screening Information Management (ASIMS), Bowel Screening Information Management (BSIMS for both Wales and Northern Ireland) and Cervical Screening.		A digitised pharmacy system that improves computerised dispensing and medicines stock management, producing usage data for a comprehensive real time view of this information across Wales.		A collection of services in Wales to test, track and help prevent the spread of COVID-19; enhance health surveillance, undertake effective and extensive contact tracing and support people to self-isolate.		The primary source of administration data for patients in secondary care, this includes referral management, waiting lists, outpatient and ED attendances, clinics and admissions as well as supporting Maternity services and Pathway management including cancer tracking systems.
	A system that ensures that each child in Wales has an active care record. CYPriS provides information about individual children's health (useful for child immunisation programs during disease outbreak) and also a population perspective to enable effective targeting of services and supports Clinicians in decision making by providing them with a read only view of a patient record.		This system enables electronic hospital referrals between secondary care facilities; users can record patient medical information, history and also attach images and WCP documents.		This system allows Health Record Users to electronically process GP Referrals received from WCCG and then send them electronically to WCP for Clinician prioritisation.		The fully-managed digital solution collects real-time information automatically from the monitoring devices, pumps and respiratory equipment used for each patient's care, providing frontline staff with an overview of the status of patients and devices across the ward.
	An application used by Community Pharmacies to support the effective delivery of a number of advanced and enhanced services across Wales, such as advice and treatment for a range of common ailments.		These are some of the forms and workflows within the Welsh Clinical Portal digital patient record which allow users to digitally capture Inpatient and Outpatient assessments and consultations.		This service responds to emergency 999 calls, provides a 24-hour telephone and internet health advice service and offers both inter-hospital and between-home-and-healthcare-facility transfers.		An information system that provides a full range of functionality to manage priority group cohorts, booking and call/recall for multi doses, auto-scheduling, collection of vaccine outcomes and pharmacy and consumable data records for operational and management purposes.
	An application which enables patients to access the health and care services and information they need and more easily make changes to things like correspondence type and healthcare appointments online.		Online access to GP Practice services for patients, allowing them to book appointments, request repeat prescriptions and view medical information. Individual practices can customise which particular MHOL services they have enabled to best suit their patients' needs.		A Primary Care messaging service for referrals, clinical letters, discharge advice letters and other secure electronic messages between Primary and Secondary Care; replacing the paper equivalent of these document types.		An ICT capability to support the clinical management of patients with diabetes which allows hospital staff to store and share patient assessment and care information such as diagnoses, medication, complex insulin regimens, blood glucose levels, clinical assessments and clinical notes; accessible by healthcare professionals across Wales.
	Home to NHS Wales' largest source of evidence and digital information. Provides all NHS Wales employees and contract holders access to digital resources and systems including: 7,000+ e-journals, 1,300+ e-books, 20+ databases, 3 Evidence Summaries, 2 Guideline collections, 1 Medicines Information system, 1 e-Learning platform.		This system enables patient medicines to be electronically reconciled on patient admission to hospital and for electronic discharge advice letters to be sent to GP practices, summarising their inpatient stay (including changes to medicines).		A full case management system, providing diary/clinic, waiting list, bed and case planning management, referrals, assessments and discharge planning functionality. Used by Social Care staff, community nurses, health visitors, school nurses and mental health practitioners.		The primary Pathology system for NHS Wales; it is responsible for the receipt of samples from Primary and Secondary Care and the delivery of Pathology results to secondary systems.
	A service for Wales that provides Consultant and Critical Care Practitioner-delivered pre-hospital critical care across Wales; a working partnership between Welsh Air Ambulance, NHS Wales and the Welsh Government.		A Content Management System hosted centrally and supported by DHCW; enables the creation of websites that are then largely controlled by local organisations.		Allows client applications such as the WCP to record, retrieve and update structured clinical data (such as allergies or blood pressure readings etc) against a patient's electronic healthcare record.		Inpatient nursing care application which allows hospital staff to store and share patient assessment and care information; accessible by health care professionals across Wales.
	Examples of third party GP clinical system suppliers on the market; GP practices can choose their own from an approved list.		An application which provides clinicians with the ability to see medical images from the associated Radiology Report regardless of where the image was taken or held in Wales. By using a web based image viewer that supports multiple modes (including 3D), users can view images across health board boundaries.		An application that shares, delivers and displays patient information from a number of sources with a single log-on, even if that information is spread across health boards. Currently GPs, out of hours centres and WAST have read-only access to WCP.		A software that supports testing performed by healthcare professionals at the patient location by cutting out laboratory processes. Results are captured from POCT devices throughout Wales, such as Blood Glucose meters, and transferred to the national WLIMS which in turn forwards this information to results repositories (primarily the WCP) to form part of the patient record.
	A repository bringing demographic data together from across Primary and Secondary Care (including WDS). Holds additional patient data such as Ethnicity, Preferred Language, Phone numbers and email address.		This system helps protect patient data; it monitors access to clinical solutions containing patient information and thereby reduces privacy breaches.		Allows users to access the WCP application on hand-held devices, to view patient information across organisational boundaries. It notifies clinicians when a Test Result has returned for a patient in their Watch List.		The Covid Testing Dashboard allows testing sites to view citizens who have booked via the UK Booking Platform. The Vaccination Dashboard allows users to search for citizen vaccination records and request that a physical vaccination certificate be sent to the citizen's address.
	This system enables Pathology and Radiology tests to be requested electronically; users can create test sets, bulk order tests and view patient Pathology results in table and graph format.		A medical imaging technology used to securely store and digitally transmit electronic images and clinically-relevant reports.		The national patient care records repository for digitally created documents. These include GP e-referrals, clinic letters, A&E attendances, operation notes and discharge advice letters. These can be accessed through WCP irrespective of organisational boundaries.		A safe and secure way to manage electronic referrals from Primary to Secondary Care. WPRS is made up of four national systems – WCCG, WAP, WPAS and WCP.
	Provides a message based integration between secondary care applications and GP practices in Wales. Pathology, Radiology, ePost and Screening message types are received from different systems for delivery to Primary Care Locations.		The digital recording of Adverse Reactions and Patient Warnings using SNOMED clinical terminology. These will be stored in the WCDR as a single source of truth for storing and retrieving Adverse Reactions and Patient Warnings which can be viewed in clinical applications.		The data in this repository provides the demographic characteristics of people registered with GP practices in Wales, such as Name, Address, Date of Birth and Sex.		This system manages the workflow for all types of radiology requests (e.g. X-Rays, CT scans, MRIs and ultrasound) for the hospitals in Wales. This includes the receipt of electronic requests, justification of requests, scheduling of appointments and reporting templates.
	Allows GP Practice staff to send electronic pathology requests to hospital laboratories and to view pathology and radiology test results from across Wales.		This feature electronically notifies the clinician of newly available test results and sorts them into Inpatient and Outpatient lists which can be signed-off digitally, overcoming the need to use paper result notifications.		A national emergency department (A&E) system which enables the exchange of electronic patient information between Symphony (the system) and the All Wales systems (eMPI, WCCG, WCP). WEDS will also integrate with the local PAS at each of the health boards as well as their pharmacy dispensing cabinets.		A national diagnostic repository providing health professionals with the ability to view diagnostic reports and requests, regardless of where in Wales they were produced.

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APPENDIX 6 - AUDIT ASSURANCE RATINGS

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

Substantial Assurance		Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
Reasonable Assurance		Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
Limited Assurance		More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
No Assurance		Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
Assurance not applicable		Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed

Head of Internal Audit Opinion & Annual Report 2021/2022

June 2022

Digital Health and Care Wales



GIG
CYMRU
NHS
WALES

Partneriaeth
Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services
Partnership
Audit and Assurance Services



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Betsi Cadwaladr
University Health Board



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Appendix A	Conformance with Internal Audit Standards
Appendix B	Audit Assurance Ratings

Report status:	Final
Draft report issued:	3 rd May 2022
Final report issued:	23 rd May 2022
Author:	Head of Internal Audit
Executive Clearance:	Board Secretary
Audit and Assurance Committee:	3 rd May 2022

Disclaimer notice - please note

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit and Assurance Committee.

Audit reports are prepared by the staff of NHS Wales 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 Digital Health and Care Wales Special Health Authority and 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. EXECUTIVE SUMMARY


1.1 Purpose of this Report

Digital Health and Care Wales' (DHCW) Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is also 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 year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.

1.2 Head of Internal Audit Opinion 2021-22

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 focused on 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. The overall opinion for 2021/22 is that:

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.
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1.3 Delivery of the Audit Plan

Due to the ongoing impact of COVID-19 on the organisation, the internal audit plan has needed to be agile and responsive to ensure that key developing risks are covered. As a result of this approach, and with the support of officers and independent members across the Special Health Authority, the plan has been delivered substantially in accordance with the agreed schedule. Changes required during the year have been approved by the Audit and Assurance Committee (the 'Committee'). In addition, regular audit progress reports have been submitted to the Committee. Although changes have been made to the plan during the year, we can confirm that

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.

The Internal Audit Plan for 2021/22 year was initially presented to the Committee in February 2021.

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

Our latest External Quality Assessment (EQA), conducted by the Chartered Institute of Internal Auditors (in 2018), and our own annual Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work continues to 'generally conform' to the requirements of the Public Sector Internal Audit Standards for 2021/22. For this year, as in 2020/21, our QAIP has considered specifically the impact that COVID-19 has had on our audit approach and programmes. We are able to state that our service 'conforms to the IIA's professional standards and to PSIAS.'

1.4 Summary of Audit Assignments

This report summarises the outcomes from our work undertaken in the year. In some cases, audit work from previous years may also be included and where this is the case, details are given. This report also references assurances received through the internal audit of control systems operated by other NHS Wales organisations (again, see section 3).

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.

Overall, we can provide the following assurances to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the areas in the table below.

Where we have given Limited Assurance, 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 it is appropriate to do so.

A summary of the audits undertaken in the year and the results are summarised in table 1 below.

Table 1 – Summary of Audits 2021/22

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> GP System Procurement Project Data Centre Transition Governance Arrangements Part One 	<ul style="list-style-type: none"> Transitional Plan Core Financial Systems Information Workforce Directorate Review Governance Arrangements Part Two Welsh Radiology Information System System Development
Limited Assurance	Advisory/Non-Opinion
<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
No Assurance	
<ul style="list-style-type: none"> N/A 	

Please note that our overall opinion has also taken into account information obtained during the year that we deem to be relevant to our work (see section 2.4.2).

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; and

- 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 Special Health Authority'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 Special Health Authority. 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 the annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of Digital Health and Care 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 and by Audit Wales in the context of both their external audit and performance reviews.

The overall opinion by the Head of Internal Audit on governance, risk management and control results from the 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 overall opinion is based primarily on the outcome of the work undertaken during the course of the 2021/22 audit year. We also consider other information available to us such as our overall knowledge of the organisation, the findings of other assurance providers and inspectors, and the work we undertake at other NHS Wales organisations. The Head of Internal Audit considers the outcomes of the audit work undertaken and exercises professional judgement to arrive at the most appropriate opinion for each organisation.

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

We take this approach into account when considering our assessment of our compliance with the requirements of PSIAS.

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 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 B**.

The individual conclusions arising from 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).

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.

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.
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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 2021/22 and reported to the Audit and Assurance Committee has been aggregated at Section 5.

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

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit and Assurance Committee throughout the year. In addition, and where appropriate, work at either draft report stage or in progress but substantially complete has also been considered, and where this is the case then it is identified in the report. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements (see section 2.4.3).
- The results of any audit work related to the Health & Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module.
- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3).
- Other knowledge and information that the Head of Internal Audit has obtained during the year including cumulative information and knowledge over time; observation of Board and other key committee meetings; meetings with Executive Directors, senior managers and Independent Members; the results of *ad hoc* work and support provided; liaison with other assurance providers and inspectors; research; and cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

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

In reaching this opinion we have identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas.

From the opinions issued during the year, three were allocated Substantial Assurance, eight were allocated Reasonable Assurance. No reports were allocated a 'no assurance' opinion.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were 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 findings is shown below. We have reported the findings using the eight areas of the Special Health Authority's activities that we use to structure both our 3-year strategic and 1-year operational plans.

Corporate Governance, Risk Management and Regulatory Compliance
--

We have undertaken **two** reviews in this area.

We completed a review of the establishment of the governance arrangements to support DHCW and in particular whether the requirements of the Standing Orders had been adhered to. This was reported in the audit titled, **Governance Arrangements Part One** audit (substantial assurance). We found no significant matters, but recognised that work was still underway to develop the risk management process. We raised a recommendation to support this process and another recommendation to monitor the implementation of the Standing Orders.

The second audit in relation to the governance arrangements was titled, **Governance Arrangements Part Two** audit (reasonable assurance). Whilst Part One focussed on the Standing Orders, Part Two was a more focussed review of the risk management, performance monitoring and strategic planning governance arrangements.

Overall, the matters requiring management attention included:

- the finalisation of revised vision and mission statements, and linkage to existing strategic objectives and their supporting strategies, frameworks and programmes;
- improvement in the reporting to the Board of performance management;

-
- improvement in the planning and reporting of compliance with Health and Care Standards; and
 - greater Board engagement in the process steps required to deliver Board Assurance Framework reporting from March 2022.

Strategic Planning, Performance Management & Reporting

We have undertaken **one** review in this area.

The **Transitional Plan** audit (reasonable assurance) reviewed the risks associated with the transition from hosted a body (NHS Wales Informatics Service) to a Special Health Authority (Digital Health & Care Wales) and whether this was effectively managed.

We did not raise any significant findings, but did recommend that the project actions were tracked to closure.

Financial Governance and Management

We have undertaken **one** review in this area.

The review of **Core Financial Systems** audit (reasonable assurance) tested key financial processes (budgetary control, banking arrangements, procurement and use of agency staff).

We raised recommendations regarding:

- the Standing Financial Instructions and the Financial Control Procedure, to ensure they are fully met for budgetary control purposes;
- budget virements and formally authorised; and
- confirmation of pre-employment checks is obtained from suppliers, prior to agency staff commencing work.

Quality & Safety

We have not undertaken any reviews in this area.

Information Governance & Security

We have undertaken **four** reviews in this area.

The **Data Centre Transition** audit (substantial assurance) reviewed the project process for the transition of the data centre from the Blaenavon Data Centre to the new data location. We did not raise any recommendations.

The **Information** audit (reasonable assurance) reviewed the arrangements for maximising the use of data analytics, in an appropriate and secure manner. We raised recommendations regarding the:

- sign off of the user agreement and that the information specification is not always formally retained;
- future needs of the department and the associated tools and infrastructure are not fully defined;
- data extracts from the primary care systems are not subject to formal procedures;
- quality assurance and privacy assessment stages are not always formally retained; and
- uptake and user feedback on the information products is not included within formal reporting.

The **Welsh Radiology Information System (WRIS)** audit (reasonable assurance) tested the adequacy of the processes for the management of WRIS and data held. We raised the following recommendations:

- the performance monitoring process does not review and report on the system performance;
- the control of the database lies with local user organisations and as such DHCW cannot be assured of the controls over them;
- the level of resource within the WRIS team is not sufficient to allow for the development and implementation of all the required changes; and
- the setting of specific password controls has been devolved to user organisations.

The **System Development** audit (reasonable assurance) assessed the arrangements in place for securely developing and maintaining applications for NHS Wales.

We raised a recommendation that there is no structured training provision, changes to the stored procedures and local code are managed by the Support Team for WRIS and not the Development Team and there are no regular security checks on code being developed.

Operational Service and Functional Management

We have undertaken **one** review in this area.

The **GP System Procurement Project** audit (substantial assurance) was a review of the project arrangements in place. There were no significant findings raised, but we did recommend that the risk register is regularly reviewed.

Workforce Management

We have undertaken **two** reviews in this area.

The **Workforce** audit (reasonable assurance) reviewed the process for recruiting staff. Overall, we have found that checks for substantive staff are undertaken, roles are adequately scrutinised before funding is approved and each role is appropriately banded.

However, we did recommend that the resource plan for DHCW is updated and a review of the Pre-employment Checks Register for agency staff is completed, to determine if it is still required or serving its intended function.

The **Directorate Review** (reasonable assurance) examined the induction, performance appraisals and development reviews (PADRs) and training compliance within the Development and Support Directorate.

Whilst we did not raise any significant issues, we did recommend that the induction process be strengthened, including measures to improve new employees attending and a review of the policy documentation. We also recommended that the compliance rate for PADRs be improved, and the underlying performance information reviewed.

Capital & Estates Management

We have not undertaken any reviews in this area.

2.4.3 Approach to Follow Up of Recommendations

As part of our audit work, we consider the progress made in implementing the actions agreed from our previous reports for which we were able to give only Limited Assurance. In addition, where appropriate, we also consider progress made on high priority findings in reports where we were still able to give Reasonable Assurance. We also undertake some testing on the accuracy and effectiveness of the audit recommendation tracker.

In addition, Audit Committees monitor the progress in implementing recommendations (this is wider than just Internal Audit recommendations) through their own recommendation tracker processes. We attend all audit committee meetings and observe the quality and rigour around these processes.

As Digital Health and Care Wales was established during 2021, we are not yet in a position to complete any follow-up audit work. However, this is expected to start from 2022/23 onwards. In addition, there were no limited assurance reports from NHS Wales Informatics Service (NWIS).

2.4.4 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 auditing standards, 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. In addition, the impact of COVID-19 on this year's (and to an extent last year's) programme makes any comparison even more difficult.

2.4.5 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.

By previous agreement with the Special Health Authority, audit work reported to draft stage has been included in the overall assessment, with all other work in progress rolled-forward and reported within the overall opinion for next year.

The majority of audit reviews will relate to the systems and processes in operation during 2021/22 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.

There are some specific assurance reviews which remain relevant to the reporting of the organisation's Annual Report required to be published after the year end. Where required, any specified assurance work would be aligned with the timeline for production of the Special Health Authority's Annual Report and accordingly will be completed and reported to management and the Audit and Assurance Committee subsequent to this Head of Internal Audit Opinion. However, the Head of Internal Audit's assessment of arrangements in these areas would be legitimately informed

by drawing on the assurance work completed as part of this current year's plan.

2.5 Required Work

Please note that following discussions with Welsh Government we were not mandated to audit any areas in 2021/22.

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 Risk Committee that it has conducted its audit at Special Health Authority in conformance with the Public Sector Internal Audit Standards for 2021/22.

Our conformance statement for 2021/22 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2021/22 which will be reported formally in the Summer of 2022; and
- the results of the work completed by Audit Wales.

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 2021/22 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;
- internally assessed performance against the Health & Care Standards;
- results of internal compliance functions including Local Counter-Fraud, and risk management;
- reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period; and
- reviews completed by external regulation and inspection bodies including Audit Wales and Healthcare Inspectorate Wales.

3. OTHER WORK RELEVANT TO THE SPECIAL HEALTH AUTHORITY

As our internal audit work covers all NHS Wales 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. These are set out about below, with relevant comments and opinions attached, and relate to work at NHS Wales Shared Services Partnership.

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 University NHS Trust, a number of audits were undertaken which are relevant to the Special Health Authority. These audits of the financial systems operated by NWSSP, processing transactions on behalf of the Special Health Authority, derived the following opinion ratings:

Audit	Opinion
Accounts Payable	Reasonable
Payroll	Reasonable

Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme. The overall Head of Internal Audit Opinion for NWSSP is Reasonable Assurance.

The reports on Accounts Payable and Payroll are also included in the table in section 5.

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, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit and Assurance Committee during the year. Audits that remain to be reported but are reflected within this Annual Report will be reported alongside audits from the 2022/23 operational audit plan.

The revised audit plan approved by the Committee in March 2021 contained 13 planned reviews. Changes have been made to the plan with three audits (Risk Management, Strategic Planning and Performance Management) amalgamated into one audit (Governance Arrangements Part Two). All these changes have been reported to and approved by the Audit and Assurance Committee. As a result of these agreed changes we have delivered 11 reviews.

The assignment status summary is reported at Section 5.

In addition, we may respond to requests for advice and/or assistance across a variety of business areas across the Special Health Authority. This advisory work, undertaken in addition to the assurance plan, is permitted under the standards to assist management in improving governance, risk management and control. This activity is reported during the year within our progress reports to the Audit and Assurance Committee.

4.2 Service Performance Indicators

In order to monitor aspects of the service delivered by Internal Audit, a range of service performance indicators have been developed. These are reported quarterly.

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2020/21	G	March 2021	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2020/21	G	100%	100%	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%

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Report turnaround: time taken for management response to draft report [15 working days]	G	89%	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%

5. RISK BASED AUDIT ASSIGNMENTS

The overall opinion provided in Section 1 and our conclusions on individual assurance domains 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 2 below presents the assurance ratings and the number of audits derived for each.

Figure 2 Summary of audit ratings

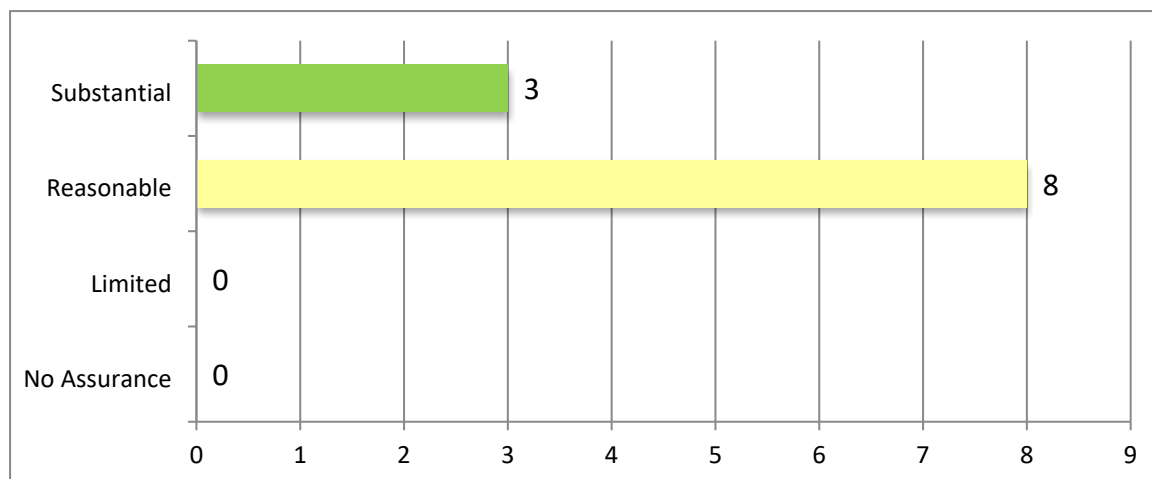


Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP.

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

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 (Green)



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
GP System Procurement Project	To provide assurance over the GP System Procurement project to ensure that appropriate project governance is in place, that stakeholders are fully engaged and that there is clarity over costs and benefits.
Data Centre Transition	To evaluate and determine the adequacy of the processes in place in DHCW for the management of the Data Centre move and the current Data Centre Service.
Governance Arrangements Part One	To ensure the governance arrangements, as set out within the Standing Orders, have been implemented for Digital Health and Care Wales and are operating as intended.

5.3 Reasonable Assurance (Yellow)



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
Transitional Plan	To provide assurance that the risks associated with the transition from hosted body (NHS Wales Informatics Service) to Special Health

Review Title	Objective
	Authority (Digital Health & Care Wales) were effectively managed.
Core Financial Systems	To provide DHCW with assurance that core financial systems are operating effectively, including: <ul style="list-style-type: none"> • financial management and budgetary control; • banking arrangements; • procurement; and • use of agency / contract staff.
Information	To provide assurance to DHCW that arrangements are in place to enable NHS Wales to maximise the use of analytics in an appropriate and secure manner.
Workforce	This review sought to provide DHCW with assurance that it has adequately assessed and managed the recruitment of staff.
Directorate Review	To determine if new staff have received appropriate induction training, undertaken statutory and mandatory training and received a performance and development review.
Governance Arrangements Part Two	This audit has focused on assessing three key elements within the overall governance framework, strategic planning, performance and risk management.
Welsh Radiology Information System	To provide assurance over the adequacy of the processes in place in DHCW for the management of the WRIS and the data within it.
System Development	To provide assurance over the adequacy of the processes in place in DHCW for securely developing and maintaining applications for NHS Wales.

Audits undertaken at NWSSP

We undertook the following reviews at NWSSP:

Review Title	Objective
Accounts Payable	The purpose of the audit review was to evaluate and determine the adequacy of the systems and controls in place over the management of the NWSSP Procure to Pay (P2P) service.
Payroll	The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place for payroll processing across NHS Wales.

6. ACKNOWLEDGEMENT

In closing I would like to acknowledge the time and co-operation given by Directors and staff of the organisation to support delivery of the Internal Audit assignments undertaken within the 2021/22 plan.

Simon Cookson

Pennaeth yr Archwiliad Mewnol/Head of Internal Audit

Gwasanaethau Archwilio a Sicrwydd/Audit and Assurance Services

Partneriaeth Cydwasanaethau GIG Cymru/NHS Wales Shared Services Partnership

May 2022

Appendix A






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 and Assurance 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 and Assurance 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. Audit Wales 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

	<p>specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit and Assurance 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 Audit Wales, 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.
2300 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 and Assurance Committee.</p> <p>An annual report and opinion is produced for the Audit and Assurance 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 and Assurance 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.

Appendix B - Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	No assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance not applicable	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.



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