






Public Health Wales	Annual accounts and Annual Governance Statement 2013/14		
	Iechyd Cyhoeddus Cymru Public Health Wales	Paper reference – 3207	
<h2>Annual accounts and Annual Governance Statement 2013/14</h2>			
Purpose of Document: The annual accounts and Annual Governance Statement for 2013/14 were approved by the Public Health Wales Audit Committee on 5 June 2014 and submitted to the Welsh Government on 6 June 2014. The Board are asked to ratify the approval of the accounts and governance statement.			
Board/Committee to- (Please indicate)			
To decide- Paper will outline recommendations or issues to be approved by the Board or Committee.	X		
To discuss- Board or Committee will be asked to discuss and scrutinise the paper and provide feedback and comments.			
To inform- Board or Committee will be asked to note the paper for information only			
Other relevant information Please include any recommendations/details of decisions Board/Committees are asked to make.			
Next Steps The Board are asked to ratify the approval of the annual accounts and Annual Governance Statement for 2013/14.			
Link to Public Health Wales commitment and priorities for action: (please tick which commitment(s) is/are relevant)			
			
			X
Priorities for action		Put in place an effective governance framework Ensure financial sustainability	
Author: Ms Tamira Rolls, Assistant Director of Finance and Ms Eleanor Higgins, Corporate Governance Manager			
Date: 16 June 2014			Version: 1
Sponsoring Executive Director:		Mr Huw George, Executive Director of Finance and Mr Keith Cox, Board Secretary	

Who will present: (If appropriate)	Mr Huw George / Mr Keith Cox
Documents attached: (If appropriate)	Annual accounts 2013/14 Annual Governance Statement 2013/14
Date of meeting:	26 June 2014
Committee/Groups that have received or considered this paper:	Audit Committee
<u>Link to standards for health services</u>	Standard 1: Governance and Accountability
Link to risk register	Risk ID 87: Failure to meet statutory brake even duty. Failure to full savings targets outstanding WG funding Cost of wage awards Risk ID 102: Ensuring the Public Health Wales Governance/assurance and performance management framework evolves to reflect the changing organisation and changing external governance environment whilst continuing to meet statutory obligations.
<u>Equality impact assessment</u>	N/A
Financial implications	N/A
<u>Service user engagement</u>	N/A

Public Health Wales NHS Trust

Foreword

These accounts for the period ended 31 March 2014 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's I-FReM by the Public Health Wales NHS Trust 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, with the approval of the Treasury, directed.

The establishment of Public Health Wales in 2009, created for the first time, an independent NHS body with a clear and specific public health focus, and a remit to act across all the domains of public health practice. The Minister for Health and Social Services confirmed Public Health Wales would provide the national resource for the effective delivery of public health services at national, local and community level.

Public Health Wales originally incorporated the functions and services previously provided by the National Public Health Service (NPHS), Wales Centre for Health (WCfH), Welsh Cancer Intelligence Surveillance Unit (WCISU), Congenital Anomaly Register and Information Service (CARIS) and Screening Services Wales.

Since 2009, we have continued to grow, taking on a range of additional functions and services from both the Welsh Government and NHS Wales, including the Programme Management Unit, several Health Improvement Programmes, Newborn Bloodspot Screening, Abdominal Aortic Aneurism Screening and the Wrexham Microbiology Laboratory.

One of the outcomes of the review into the former National Leadership and Innovation Agency for Healthcare (NLIAH), was that the improvement functions within NLIAH transferred into Public Health Wales on April 1st 2013, along with the functions of equality and human rights.

The overall income level for Public Health Wales has increased by over 25 per cent over the last four years, from just over £80m in 2010/11 to £105m in 2013/14.

Furthermore, the National Cancer Service Advisory Group (NCSAG) will be transferring into Public Health Wales from Velindre NHS Trust on April 1st 2014, with a budget of £240k.

The financial target of payment of 95% of all invoices (by number) was not met in 2013/14, with the actual performance at 93.9%; missing the target by just 1.2%. This is a direct result of a several changes to both the reporting requirements and the operating arrangements for the payment of invoices. Although performance increased during the second half of the financial year, following several improvements to operational arrangements, the cumulative performance for the year remains below the 95%. The payment of 95% of all invoices by value has been met.

However both statutory targets of achieving financial balance and remaining within our EFL have been met again in 2013/14. The accounts that follow present a balanced position, with a small retained surplus of £15k.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2014

		83	
		55	
	2013-14	2012-13	
	£000	£000	
	Note		
Revenue from patient care activities	2	83,044	79,098
Other operating revenue	3	22,038	19,299
Operating expenses	6	(105,033)	(98,314)
Operating surplus/(deficit)		49	
Investment revenue	7	16	
Other gains and losses	8	0	(86)
Finance costs	9	(50)	(42)
Retained surplus/(deficit)	33.1		
Other Comprehensive Income			
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment		56	0
Net gain/(loss) on revaluation of intangible assets		0	0
Net gain/(loss) on revaluation of financial assets		0	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0
Impairments and reversals		0	(187)
Movements in other reserves		0	0
Transfers between reserves		0	0
Net gain/loss on Other Reserve		0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0
Sub total		56	(187)
Items that may be reclassified subsequently to net operating costs			
Net gain/(loss) on revaluation of financial assets held for sale		0	0
Sub total		19	10
Total other comprehensive income for the year		56	(187)
Total comprehensive income for the year		71	(177)

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2014

	Note	31 March 2014	31 March 2013
		£000	£000
Non-current assets			
Property, plant and equipment	14	13,912	15,684
Intangible assets	15	0	0
Trade and other receivables	20	0	0
Other financial assets	21	0	0
Other assets	22	0	0
Total non-current assets		13,912	15,684
Current assets			
Inventories	19	78	86
Trade and other receivables	20	7,825	7,539
Other financial assets	21	0	0
Other assets	22	0	0
Cash and cash equivalents	23	2,547	2,501
		10,450	10,126
Non-current assets held for sale	14.2	0	0
Total current assets		10,450	10,126
Current liabilities			
Trade and other payables	24	24,362	25,810
		(5,798)	(5,745)
Borrowings	25	0	0
Other financial liabilities	26	0	(623)
Provisions	28	(3,018)	(2,365)
Other liabilities	27	0	0
Total current liabilities		(8,816)	(8,733)
Net current assets/(liabilities)		1,634	1,393
Total assets less current liabilities		15,546	17,077
Non-current liabilities			
Trade and other payables	24	(1,232)	0
Borrowings	25	0	0
Other financial liabilities	26	0	(1,713)
Provisions	28	(1,115)	(1,050)
Other liabilities	27	0	0
Total non-current liabilities		(2,347)	(2,763)

Total assets employed	13,199	14,314
Financed by Taxpayers' equity:		
Public dividend capital	12,660	13,846
Retained earnings	483	468
Revaluation reserve	56	0
Other reserves	0	0
Total taxpayers' equity	13,199	14,314

The financial statements were approved by the Audit Committee on behalf of the Board on 5th June 2014 and signed on behalf of the Board by:

Chief Executive Date.....
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STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2013-14	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
Balance at 1 April 2013	13,846	468	0	0	14,314
Changes in taxpayers' equity for 2013/14					
Retained surplus/(deficit) for the year		15			15
Net gain/(loss) on revaluation of property, plant and equipment		0	56	0	56
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	0	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Impairments and reversals		0	0	0	0
Movements in other reserves		0	0	0	0
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve (specify)		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Reserves eliminated on dissolution	0				0
New Public Dividend Capital received	62				62
Public Dividend Capital repaid in year	(1,186)				(1,186)
Public Dividend Capital extinguished/written off	0				0
Other movements in PDC in year	(62)				(62)
Balance at 31 March 2014	12,660	483	56	0	13,199

The notes on pages 6 to 89 form part of these accounts.

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STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2012-13	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
Balance at 1 April 2012	15,596	458	187	0	16,241
Changes in taxpayers' equity for 2012-13					
Retained surplus/(deficit) for the year		10			10
Net gain/(loss) on revaluation of property, plant and equipment		0	0	0	0
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	0	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0
Net gain/(loss) on revaluation of financial assets held for sale Impairments and reversals		0	0	0	0
Movements in other reserves		0	(187)	0	(187)
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve (specify)		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets Reserves eliminated on dissolution		0	0	0	0
New Public Dividend Capital received	0				0
Public Dividend Capital repaid in year	0				0
Public Dividend Capital extinguished/written off	(1,812)				(1,812)
Other movements in PDC in year	0				0
	62				62
Balance at 31 March 2013					
Public Health Wales NHS Trust Annual Accounts 2013-14	13,846	468	0	0	14,314

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

Net cash inflow/(outflow) from operating activities		2,055	2,964
Cash flows from investing activities			
Interest received		17	55
(Payments) for property, plant and equipment		(742)	(1,924)
Proceeds from disposal of property, plant and equipment		0	0
(Payments) for intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
(Payments) for investments with Welsh Government		0	0
Proceeds from disposal of investments with Welsh Government		0	0
(Payments) for financial assets.		(304)	(780)
Proceeds from disposal of financial assets.		0	0
Rental proceeds		0	0
Net cash inflow/(outflow) from investing activities			
Net cash inflow/(outflow) before financing		1,026	315
Cash flows from financing activities			
Public Dividend Capital received		62	0
Public Dividend Capital repaid		(1,186)	(1,812)
Loans received from Welsh Government		0	0
Other loans received		0	0
Loans repaid to Welsh Government		0	0
Other loans repaid		0	0
Other capital receipts		0	0
Capital elements of finance leases and on-SOFP PFI		144	30
Cash transferred (to)/from other NHS Wales bodies		0	0
		(1,029)	(2,649)
		2013-14	2012-13
	Note	£000	£000
Cash flows from operating activities			
Operating surplus/(deficit)	SOCI	49	83
Depreciation and amortisation	6	2,798	2,438
Impairments and reversals	6	0	1,783
Release of PFI deferred credits		0	0
Donated Assets received credited to revenue but non-cash	3	0	0
Government Granted Assets received credited to revenue but non-cash	3	0	0

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Notes to the Accounts

Accounting policies

1. The Welsh Minister for Health and Social Services has directed that the financial statements of NHS Trusts in Wales shall meet the accounting requirements of the NHS Trust Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2013-14 NHS Trusts Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust 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 Pooled budgets

The trust has not entered into any pooled budget arrangements with Local Authorities.

1.4 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from the Welsh Government and the Health Boards. This revenue is recognised in the period in which services are provided.

Where income is received from Non NHS bodies for a specific activity that is to be delivered in the following year, that income is deferred.

The Trust receives no income under the NHS Injury Cost Recovery Scheme.

1.5 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 yet 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.

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.

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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 trust commits itself to the retirement, regardless of the method of payment.

1.6 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.

1.7 Property, plant and equipment

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 trust; 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 depreciated over their own useful economic lives.

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 the trust's services or for administrative purposes are stated in the balance sheet at their revalued amounts 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 balance sheet date. Fair values are determined as follows:

- Land and non specialised buildings – market value for existing use
 - Specialised buildings – depreciated replacement cost
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From 1 April 2009 the depreciated replacement cost valuation applies the Modern Equivalent Asset (MEA) cost basis of estimation to arrive at the cost of replacing the capacity and utility of a building rather than a like for like replacement cost.

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.

For 2012-13 a formal revaluation exercise by the District Valuation Office was applied to the Land and Properties of NHS Wales Trusts from 1 April 2012. In 2013-14 indexation has been applied to property plant and equipment based on indices supplied by the District Valuation Office. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. This is a change in accounting policy from previous years where all impairments were taken to the revaluation reserve to the extent that a balance was held for that asset and thereafter to expenditure. However, to ensure that the outcome as reflected in the reserves figure on the Statement of Financial Position is consistent with the requirements of IAS 36 had this adaptation not been applied, the balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 should be transferred to Retained earnings.

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 existing carrying value of the item replaced is written-out and charged to operating expenses.

1.8 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's 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 trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

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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 sell or use the intangible asset
how the intangible asset will generate probable future economic benefits or service potential
the availability of adequate technical, financial and other resources to complete the intangible asset and sell or 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.

1.9 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 SOCNI on a systematic basis over the period expected to benefit from the project.

1.10 Depreciation, amortisation and impairments

Freehold land, properties 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 Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust 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. At each reporting period end, the trust checks whether there is any indication that any

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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 Statement of Comprehensive Net Income. Impairment losses that arise from a clear consumption of economic benefit are taken to the Statement of Comprehensive Net Income. 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.

1.11 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.12 Donated assets

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.13 Government grants

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.14 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 Statement of Comprehensive Net Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

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 is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.15 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.

The trust 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 on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

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.

The trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the trust's 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 trust'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.

1.16 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements.

1.17 Inventories

Inventories are valued at the lower of cost and net realisable value using the first in first out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.18 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, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the trust's cash management.

1.19 Provisions

Provisions are recognised when the trust has a present legal or constructive obligation as a result of a past event, it is probable that the trust 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 discount rates 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 amount 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 trust 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 trust 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.

1.20 Clinical Negligence Costs

The Welsh Risk Pool (WRP) operates a risk pooling scheme which is currently funded by the Welsh Government. The WRP is hosted by Velindre NHS Trust.

1.21 Carbon Reduction Commitment Scheme

The trust is not a member of the Carbon Reduction Commitment Scheme.

1.22 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 trust, 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 trust. 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.

1.23 Financial assets

Financial assets are recognised when the trust 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.

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets 'at fair value through SoCNI'; '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.

Financial assets at fair value through SoCNI

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 SoCNI. They are held at fair value, with any resultant gain or loss recognised in calculating the trust's surplus or deficit for the accounting period. The net gain or loss incorporates any interest earned on the financial asset.

The Trust has no embedded derivatives. (Delete as appropriate).

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.

Available for sale financial assets

The Trust does not have any available for sale financial assets.

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 initial fair value of the financial asset.

The Trust has no financial assets, other than those held at 'fair value through profit and loss' that will need to be impaired.

1.24 Financial liabilities

Financial liabilities are recognised on the statement of financial position when the trust 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.

Loans from the Welsh Government are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are subsequently measured at the higher of: -
the premium received (or imputed) for entering into the guarantee less cumulative amortisation;
- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Financial liabilities at fair value through SoCNI

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 trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

The Trust does not have any financial guarantee contract liabilities nor any financial derivatives requiring to be stated at fair value through profit and loss.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from the Welsh Government, which are carried at historic cost. 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.

1.25 Value Added Tax

Most of the activities of the trust 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.

1.26 Foreign currencies

The trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

1.27 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them.

1.28 Public Dividend Capital (PDC) and PDC dividend

Public Dividend Capital represents taxpayers equity in the NHS Trust. At any time the Welsh Minister for Health and Social Services with the approval of HM Treasury can issue new PDC to, and require repayments of, PDC from the NHS Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

From 1 April 2010 the requirement to pay a public dividend over to the Welsh Government ceased.

1.29 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 income statement on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts 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 and compensations register which is prepared on a cash basis.

The Trust accounts for all losses and special payments gross (including assistance from the Welsh Risk Pool). The Trust accrues or provides for the best estimate of its future

payouts for certain or probable 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 Welsh Risk Pool are included in debtors. For those claims where the probability of settlement is below 50%, the liability is disclosed as a contingent liability.

1.30 Critical Accounting Judgements and key sources of estimation uncertainty In the application of the Trust's 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 and 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.

1.31 Critical Judgements in applying accounting policies

There are no critical judgements that management has made in the process of applying the Trust's accounting policies.

1.32 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

Annual Leave Provision

1.33 Subsidiaries

Material entities over which the trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the trust's or where the subsidiary's accounting date is before 1 January or after 30 June.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'

For 2013/14 the Trust has not consolidated the NHS charitable funds for which it is the corporate trustee as the control lies with Velindre NHS Trust; the funds are therefore subsumed within Velindre NHS Trust's charitable funds.

1.34 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. For transfers of functions involving NHS Wales Trusts in receipt of PDC the double entry for the fixed asset NBV value and the net movement in assets is PDC or General Reserve as

2. Revenue from patient care activities	2013-14	2012- 13
	£000	£000
Welsh Government	83,044	79,098
Welsh Health Specialised Services Committee (WHSSC)	0	0
Local health boards	0	0
Welsh NHS Trusts	0	0
Other NHS trusts	0	0
Strategic health authorities and primary care trusts	0	0
Foundation Trusts	0	0
Welsh Local Authorities	0	0
Local authorities	0	0
Non NHS:		
Private patient income	0	0
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	0	0
Other revenue from activities	0	0
Total	83,044	79,098

appropriate.

1.35 Accounting standards that have been issued but have not yet been adopted

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

IFRS 9 Financial Instruments - subject to consultation.

IFRS 10 Consolidated Financial Statements - subject to consultation.

IFRS 11 Joint Arrangements - subject to consultation.

IFRS 12 Disclosure of Interests in Other Entities - subject to consultation.

IFRS 13 Fair Value Measurement - subject to consultation.

IPSAS 32 Service Concession Arrangements - subject to consultation.

1.36 Accounting standards issued that have been adopted early

No accounting standards issued have been adopted early

3. Other operating revenue	2013-14	2012- 13
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	£000	£000
Patient transport services	0	0
Education, training and research	1,750	1,490
Charitable and other contributions to expenditure	0	0
Receipt of donations for capital acquisitions	0	0
Receipt of government grants for capital acquisitions	0	0
Non-patient care services to other bodies	0	0
Income generation	38	43
Rental revenue from finance leases	0	0
Rental revenue from operating leases	0	0
Other revenue:		
Provision of pathology services	13,327	12,495
Accommodation and catering charges	0	0
Mortuary fees	0	0
Staff payments for use of cars	0	0
Business unit	0	0
Other	6,923	5,271
Total	22,038	19,299
Other revenue of £6,923k (2012-13 £5,271k) comprises		
1 Excellence Awards	284	335
2 Grants - other	529	373
3 Grants - LA	186	254
4 WG - non Core Income	3,622	1,990
5 Staff Recharges	2,149	2,065
6 Other	153	254
ICR income is subject to a provision for impairment of 15.8% to reflect expected rates of collection.		
Total	6,923	5,271

4. Revenue

Revenue is almost totally from the supply of services. Revenue from the sale of goods is immaterial.

5. Income generation activities

The Trust does not undertake income generation activities with an aim of achieving profit, which is then used in patient care.

	2013-14	2012-13
	£000	£000
Income	0	0
Full cost	0	0
Surplus/(deficit)	0	0

6. Operating expenses	2013-14	2012-13
6.1 Operating expenses	£000	£000
Public Health Wales NHS Trust Annual Accounts 2013-14		
Welsh Government	81	49
WHSSC	0	0
Local Health Boards	13,420	13,692
Welsh NHS Trusts	1,377	1,160
Other NHS Trusts	282	382
Goods and services from other NHS bodies	0	0
Purchase of healthcare from non-NHS bodies	0	0
Welsh Local Authorities	4,572	4,912
Other Local Authorities	0	0
Directors' costs	1,252	1,203
Staff costs	59,877	53,302
Supplies and services - clinical	8,061	7,524
Supplies and services - general	231	247
Consultancy Services	415	397
Establishment	6,178	5,388
Transport	530	471
Premises	3,574	3,534
Impairments and Reversals of Receivables	0	0
Depreciation	2,798	2,438
Amortisation	0	0
Impairments and reversals of property, plant and equipment	0	1,783
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Impairments and reversals of non current assets held for sale	0	0
Audit fees	151	155
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	181	149
Research and development	0	0
Other operating expenses	2,053	1,528
Total	105,033	98,314

Both Staff costs and Establishment cost have increased significantly (£6.6m and £800k respectively) as a result of several service transferring into Public Health Wales during 2013/14.

48 staff joined Public Health Wales from the formal NLI AH, and a further 20 staff transferred into Public Health Wales within the Wrexham Microbiology Laboratory from Betsi Cadwaldr University LHB. This has resulted in the increased expenditure on both staff costs and establishment costs, and in addition - the increase in expenditure on clinical supplies and services.

This increase in expenditure has been covered by an increased level of core income, along with additional microbiology contract income.

There have been no impairments of fixed assets during 2013/14

6. Operating expenses (continued)

6.2 Losses, special payments and irrecoverable debts:

Gross increase/(decrease) in provision for future payments	1,075	908
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	8	3
Less: income received/ due from Welsh Risk Pool	(902)	(762)
Total charge	181	149
	<hr/>	<hr/>
Charges to operating expenses	2013-14	2012- 13
Increase/(decrease) in provision for future payments:	£000	£000
Clinical negligence	893	448
Personal injury	36	373
All other losses and special payments	21	20
Defence legal fees and other administrative costs	125	67
	<hr/>	<hr/>

Personal injury includes £135k (2012-13 £80k) in respect of permanent injury benefits.

7. Investment revenue	2013-14	2012-13
	£000	£000
Rental revenue :		
PFI finance lease revenue:		
Planned	0	0
Contingent	0	0
Other finance lease revenue	0	0
Interest revenue:		
Bank accounts	16	55
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total		
8. Other gains and losses	2013-14	2012-13
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	0	(86)
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Gains/(loss) on foreign exchange	0	0
Change in fair value of financial assets at fair value through income statement	0	0
Change in fair value of financial liabilities at fair value through income statement	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	0	
9. Finance costs	2013-14	2012-13
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	50	42
Interest on obligations under PFI contracts:		
Main finance cost	0	0
Contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
	16	(86)
Total interest expense	50	42
Provisions unwinding of discount	0	0

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Other finance costs	0	0
Total	50	42

10. Operating leases

10.1 Trust as lessee

There are some significant leasing arrangements where the Trust is the lessee; the trust leases a number of buildings where the lease agreement exceeds 5 years.

	2013-14	2012-13
Payments recognised as an expense	£000	£000
Minimum lease payments	883	832
Contingent rents	0	0
Sub-lease payments	0	0
Total		
Total future minimum lease payments	2013-14	2012-13
Payable:	£000	£000
Not later than one year	850	735
Between one and five years	1,136	1,293
After 5 years	66	191
Total		2,219
Total future sublease payments expected to be received	0	0
	2,082	832

10. Operating leases (continued)

10.2 Trust as lessor

There are no leasing arrangement where the Trust is the lessor.

	2013-14	2012-13
	£000	£000
Receipts recognised as income		
Rent	0	0
Contingent rent	0	0
Other	0	0
Total rental revenue	0	0
Total future minimum lease payments	2013-14	2012-13
Receivable:	£000	£000
Not later than one year	0	0
Between one and five years	0	0
After 5 years	0	0
Total	0	0

11. Employee costs and numbers

				2013-14	2012-13
11.1 Employee costs	Permanently employed staff £000	Agency Staff £000	Staff on Inward Secondment £000	£000	£000
Salaries and wages	46,793	423	4,015	51,231	45,712
Social security costs	3,741	0	0	3,741	3,340
Employer contributions to NHS Pensions Scheme	6,071	0	0	6,071	5,361
Other pension costs	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total					
Of the total above:					
Charged to capital				0	0
Charged to revenue				61,043	54,413
Total				61,043	54,413

11.2 Average number of employees

	Permanently Employed Number	Agency Staff Number	Staff on Inward Secondment Number	Total Number	Total Number
Medical and dental	95	1	29	125	118
Ambulance staff	0	0	0	0	0
Administrative and estates	720	9	14	743	619
Healthcare assistants and other support staff	0	0	0	0	0
Nursing, midwifery and health visiting staff	49	0	3	52	48
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	377	1	2	380	393
Social care staff	0	0	0	0	0
Other	0	0	0	0	3
Total	56,605	423	4,015	61,043	54,413
	1,241	11	48	1,300	1,181

11.3 Employee benefits

The Trust operates a lease car policy and 3 salary sacrifice schemes (childcare vouchers, bikes and computer scheme) scheme for employees.

11.4 Reporting of other compensation schemes - exit packages

	Total number of exit packages by cost band Number 2013-14	Total number of exit packages by cost band Number 2012-13
Exit package cost band		
<£10,000	0	1
£10,000 to £25,000	1	1
£25,000 to £50,000	0	2
£50,000 to £100,000	1	1
£100,000 to £150,000	0	0
£150,000 to £200,000	0	0
£200,000+	0	0

Total number of exit packages by type

2

5

Total resource cost £

73

102

The above exit packages all relate to the nationally agreed NHS Wales Voluntary Early Release Scheme (VERS)

This disclosure reports the number and value of exit packages taken by staff leaving in the year

11.5 Remuneration Relationship

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

The banded remuneration of the highest-paid director in Public Health Wales in the financial year 2013-14 was £155k-£160k (2012-13, £155k-£160k). This was 5.25 times (2012-13, 5.25) the median remuneration of the workforce, which was £30,054 (2012-13, £29,464k).

In 2013-14, 0 (2012-13, 1) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £14,292 to £157,884 (2012-13 £10,029-£155,477).

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

The figures above are annualised figures

Overtime payments are included for the calculation of both elements of the relationship.

12. Pensions

Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP 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.

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 the scheme liability is carried out annually by the scheme actuary 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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2014, is based on valuation data as 31 March 2013, updated to 31 March 2014 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. 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 scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while future scheme terms are developed as part of the reforms to public service pension provision due to be implemented in 2015.

The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and after consideration of the advice of the Scheme Actuary.

A formal valuation for funding purposes as at March 2012 is currently close to completion and will be used to inform the contribution rates applicable from 1 April 2015.

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c) Scheme provisions

The NHS Pension Scheme provides defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a “defined benefit” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in inflation in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used as the measure of inflation and replaced the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

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 the employer.

Members can purchase additional pension in the NHS Scheme and contribute to money purchase AVC’s run by the Scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

Other Pensions Disclosure National Employment Savings Trust (NEST)

NEST is a not-for-profit workplace pension scheme established by law to support the introduction of automatic enrolment providing defined contribution pension schemes. NEST was established 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. Currently, the legal minimum contribution level is 2 per cent of a jobholder’s qualifying earnings for employers whose legal duties have started. Of this the employer needs to pay at least 1 per cent, though they can pay more if they elect to do so. By 2018 the minimum contribution will rise to 8 per cent of qualifying earnings, of which the employer must pay at least 3 per cent. The National Employment Savings Trust has an annual contribution limit. It is reviewed annually and adjusted in line with average earnings. The annual contribution limit is currently up to £4,500 for the 2013/14 tax year.

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The annual contribution limit includes member contributions, money from their employer and any tax relief. It also includes any money paid in by someone else on behalf of the member, such as a member's partner or spouse .

12.1 Retirement costs due to ill-health

During 2013-14 there were 2 (2012-13 0) early retirements from the trust agreed on the grounds of illhealth. The estimated additional pension costs of these ill-health retirements will be £81,413 (2012-13 £0). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

13. Public Sector Payment Policy

13.1 Prompt payment code - measure of compliance

The Welsh Government requires that trusts 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 trust financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery or receipt of a valid invoice,

	2013-14	2013-14	2012-13	2012-13
	Number	£000	Number	£000
NHS				
Total bills paid in year	2,147	20,135	1,614	20,079
Total bills paid within target	2,001	19,444	1,501	18,756
Percentage of bills paid within target	93.2%	96.6%	93.0%	93.4%
Non-NHS				
Total bills paid in year	21,755	27,600	21,117	25,574
Total bills paid within target	20,416	26,222	20,316	25,226
Percentage of bills paid within target	93.8%	95.0%	96.2%	98.6%
Total				
Total bills paid in year	23,902	47,735	22,731	45,653
Total bills paid within target	22,417	45,666	21,817	43,982
Percentage of bills paid within target	93.8%	95.7%	96.0%	96.3%

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

	2013-14	2012-13
	£	£
Amounts included within finance costs from claims made under legislation	0	0
Compensation paid to cover debt recovery costs under legislation	0	0
Total	0	0

The financial target of payment of 95% of all invoices (by number) has not been met in 2013/14. This is a direct result of a several changes to both the reporting requirements and the operating arrangements for the payment of

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invoices. It should be noted that Public Health Wales does not make any contractor payments which would have the effect of increasing performance substantially.

Although performance increased during the second half of the financial year, following several improvements to operational arrangement, the cumulative performance for the year remains below the 95%. The payment of 95% of all invoices by value has been met.

14. Property, plant and equipment :

2013-14

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation	935	3,745	0	476	10,600	45	6,144	533	22,478
	0	74	0	0	0	0	0	0	74
At 1 April 2013	0	0	0	0	0	0	0	0	0
Indexation	0	22	0	0	317	12	619	0	970
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	(476)	476	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(310)	0	(149)	(10)	(469)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Impairments	935	3,841	0	0	11,083	57	6,614	523	23,053
Reversal of impairments									
At 31 March 2014	0	908	0	0	3,213	29	2,276	368	6,794
Depreciation	0	18	0	0	0	0	0	0	18
At 1 April 2013	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(310)	0	(149)	(10)	(469)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Impairments	0	266	0	0	1,322	3	1,125	82	2,798
Reversal of impairments	0	1,192	0	0	4,225	32	3,252	440	9,141
Charged during the year									
At 31 March 2014	935	2,837	0	476	7,387	16	3,868	165	15,684
Net book value	935	2,837	0	476	7,387	16	3,868	165	15,684
At 1 April 2013									
Net book value	935	2,649	0	0	6,858	25	3,362	83	13,912
At 31 March 2014									
Net book value at 31 March 2014 comprises :	935	2,535	0	0	6,858	25	3,362	83	13,798
Purchased	0	114	0	0	0	0	0	0	114
Donated	0	0	0	0	0	0	0	0	0
Government Granted	935	2,649	0	0	6,858	25	3,362	83	13,912
At 31 March 2014									
Asset Financing:	935	2,649	0	0	6,858	25	1,407	83	11,957
Owned	0	0	0	0	0	0	1,955	0	1,955
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
At 31 March 2014	935	2,649	0	0	6,858	25	3,362	83	13,912

The net book value of land, buildings and dwellings at 31 March 2014 comprises :

	£000
Freehold	2,415
Long Leasehold	292
Short Leasehold	877
Total	3,584

Building have been revalued using indices published by the the District Valuation (DV) Office. The price index for building for 2013/14 is 102 (ie and increase of 2%) which reflects the increase in market value of buildings during 2013/14.

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14. Property, plant and equipment :

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2012-13									
Cost or valuation	1,060	5,574	0	1,848	9,763	45	4,907	535	23,732
	0	0	0	0	0	0	0	0	0
At 1 April 2012	0	(74)	0	0	0	0	0	0	(74)
Indexation	0	374	0	476	369	0	1,314	54	2,587
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	15	0	(1,848)	1,824	0	9	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(1,356)	0	(86)	(56)	(1,498)
Reclassified as held for sale	(125)	(2,144)	0	0	0	0	0	0	(2,269)
Disposals	0	0	0	0	0	0	0	0	0
Impairments	935	3,745	0	476	10,600	45	6,144	533	22,478
Reversal of impairments									
At 31 March 2013									
Depreciation	0	1,109	0	0	3,259	25	1,399	350	6,142
	0	0	0	0	0	0	0	0	0
At 1 April 2012	0	(233)	0	0	0	0	0	0	(233)
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(1,270)	0	(86)	(56)	(1,412)
Reclassified as held for sale	0	(209)	0	0	68	0	0	0	(141)
Disposals	0	0	0	0	0	0	0	0	0
Impairments	0	241	0	0	1,156	4	963	74	2,438
Reversal of impairments	0	908	0	0	3,213	29	2,276	368	6,794
Charged during the year									
At 31 March 2013									
Net book value at 1 April 2012	1,060	4,465	0	1,848	6,504	20	3,508	185	17,590
Net book value at 31 March 2013	935	2,837	0	476	7,387	16	3,868	165	15,684
Net book value at 31 March 2013 comprises :									
Purchased	935	2,697	0	476	8,587	16	2,668	165	15,544
Donated	0	140	0	0	0	0	0	0	140
Government Granted	0	0	0	0	0	0	0	0	0
Total 31 March 2013	935	2,837	0	476	8,587	16	2,668	165	15,684
Asset Financing:									
Owned	935	2,837	0	476	8,587	16	2,668	165	15,684
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
Total 31 March 2013	935	2,837	0	476	8,587	16	2,668	165	15,684

The net book value of land, buildings and dwellings at 31 March 2013 comprises :

Freehold	1,250	Long Leasehold	849						
Short Leasehold									1,673
									3,772

Disclosures:

i) Donated Assets

Public Health Wales NHS Trust did not receive any donated assets during the year.

ii) Valuations

The Trusts Land and Buildings were revalued by the District Valuation Service with an effective date of 1st April 2012. The valuation has been prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th edition. The Trust 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 IAS16 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 occupation.

iii) Asset Lives

Land is not depreciated

Buildings as determined by the District Valuation service

Equipment 5-20 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 been no write downs

vi) The Trust 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 **Public Health Wales NHS Trust Annual Accounts 2013-14**

14.2 Non-current assets held for sale

Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total
------	--------------------------------------	---	----------------------	--------------	-------

	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2013	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Plus reversal of impairments	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 c/f 31 March 2014	0	0	0	0	0	0
Balance b/f 1 April 2012	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Plus reversal of impairments	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 c/f 31 March 2013	0	0	0	0	0	0

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15. Intangible assets

	Computer software purchased	Computer software internally developed	Licenses and trademarks	Patents	Development expenditure internally generated	CRC Emission Trading Scheme	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation At 1 April 2013		0			0	0	0
		0			0	0	0
Revaluation							
Additions							
- purchased	0	0	0	0	0	0	0
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications							
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0

Gross cost at 31 March 2014	0	0	0	0	0	0	0
Amortisation							
Accumulated amortisation at 1 April 2013	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	0
Accumulated amortisation at 31 March 2014	0	0	0	0	0	0	0
Net book value at 1 April 2013	0	0	0	0	0	0	0
Net book value at 31 March 2014	0	0	0	0	0	0	0
Net book value							
Purchased							
Internally Generated	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
Total at 31 March 2014	0	0	0	0	0	0	0
Public Health Wales NHS Trust Annual Accounts 2013-14	0	0	0	0	0	0	0

15. Intangible assets

	Computer software purchased	Computer software internally developed	Licenses and trade-internally	Patents	Development expenditure generated	CRC Emission Trading Scheme	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000
At 1 April 2012		0			0	0	0
Revaluation		0			0	0	0
Additions							
- purchased	0	0	0	0	0	0	0
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Gross cost at 31 March 2013							0
				0	0	0	0

Amortisation**Accumulated amortisation at****1 April 2012**

	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	0

Accumulated amortisation**at****31 March 2013**

	0	0	0	0	0	0	0
--	---	---	---	---	---	---	---

Net book value at 1 April 2012

	0	0	0	0	0	0	0
--	---	---	---	---	---	---	---

Net book value at 31 March 2013

	0	0	0	0	0	0	0
--	---	---	---	---	---	---	---

Net book value

Purchased

Internally Generated

Donated

Government granted

Total at 31 March 2013**Public Health Wales NHS Trust Annual****Accounts 2013-14**

	0	0	0	0	0	0	0
--	---	---	---	---	---	---	---

15. Intangible assets

Public Health Wales has no intangible assets

16. Revaluation reserve balance for intangible assets

	2013-14 £000	2012-13 £000
At 1 April	0	0
	0	0
At 31 March	<u>0</u>	<u>0</u>

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17. Impairments

Impairments in the period arose from:	2013-14		2012-13	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets Loss or damage from
normal operations	0	0	0	0
Abandonment of assets in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	1,676	0
Other (specify)	0	0	107	0
Impairments charged to operating expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
			0	1,783
Impairments charged in the year to				
Operating expenses in Statement of Comprehensive Income	0	0	1,783	0
Revaluation reserve	0	0	187	0
Total	<u>0</u>	<u>0</u>	<u>1,970</u>	<u>0</u>

18. Capital commitments

Commitments under capital expenditure contracts at the statement of financial position sheet date were:

	31 March	31 March
	2014	2013
	£000	£000
and equipment	0	0
Intangible assets	0	0
Total	0	0

19. Inventories

19.1 Inventories

	31 March	31 March
	2014	2013
	£000	£000
Drugs	0	0
Consumables	78	86
Energy	0	0
Work in progress	0	0
Other	0	0
Total	78	86
Of which held at net realisable value:	0	0

19.2 Inventories recognised in expenses

	31 March	31 March
	2014	2013
	£000	£000
Inventories recognised as an expense in the period	(8)	25
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	(8)	25

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20. Trade and other receivables

20.1 Trade and other receivables

	31 March	31 March
	2014	2013
	£000	£000
Current		
Welsh Government	641	848
Welsh Health Specialised Services Committee	12	60
Welsh Health Boards	2,165	2,554
Welsh NHS Trusts	15	10
Non - Welsh Trusts	22	43
Other NHS	0	0
Welsh Risk Pool	3,105	2,314
Welsh Local Authorities	159	131
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	832	1,112
Provision for impairment of trade receivables	(49)	(41)
Pension Prepayments		
NHS Pensions Agency	0	0
NEST	0	0
Other prepayments and accrued income	923	508
Sub-total	<u>7,825</u>	<u>7,539</u>
Non-current		
Welsh Government	0	0
Welsh Health Specialised Services Committee	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	0	0

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Provision for impairment of trade receivables	0	0
Pension Prepayments		
NHS Pensions Agency	0	0
NEST	0	0
Other prepayments and accrued income	0	0
Sub-total	<u>7,825</u>	<u>7,539</u>
	<u>0</u>	<u>0</u>

Total trade and other receivables

No interest is charged on trade receivables.

The value of trade receivables that are past their due payment date but not impaired is £239k. (£550k in 2012-13)

20.2 Receivables VAT

	31 March 2014	31 March 2013
	£000	£000
Trade receivables	172	130
Other	0	0

Total		<u>130</u>
	<u>172</u>	

20.3 Receivables past their due date but not impaired

		31
		March
	31 March	2013
By up to 3 months	2014	£000
By 3 to 6 months	£000	279
By more than 6 months	71	89
	17	182
Balance at end of financial year	102	<u>550</u>
	<u>190</u>	

20.4 Allowance for bad and doubtful debts

		31
		March
	31 March	2013
	2014	2013
Balance at beginning of the year	£000	£000
Transfer to other NHS Wales body	(41)	(38)
Provision utilised (Amount written off during the year)	0	0
Provision written back during the year no longer required	0	0
Increase/(decrease) in provision during year	0	0
Bad debts recovered during year	(8)	(3)
	0	0
Balance at end of financial year	(49)	<u>(41)</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.

Current

CRC Emissions trading scheme allowances
Other assets

0	0
0	0

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Total 0 0

21. Other financial assets

	March	March
	2014	2013
Non-current	£000	£000
Finance lease receivables	0	0
Financial assets carried at fair value through income statement	0	0
Held to maturity investments carried at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised cost	0	0
Total	0	0

Current

Finance lease receivables	0	0
Financial assets carried at fair value through income statement	0	0
Held to maturity investments carried at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised cost	0	0
Total	0	0

Other assets

	March	March
	2014	2013
Non-current	£000	£000
Other assets	0	0
Total	0	0

23. Cash and cash equivalents

	31 March	31 March
	2014	2013
	_____	_____
	_____	_____

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	£000	£000
Opening Balance	2,501	3,968
Net change in year	46	(1,467)
Closing Balance	2,547	2,501
Made up of:		
Cash with Government Banking Service (GBS)	2,529	2,501
Cash with Commercial banks	0	0
Cash in hand	18	0
Total cash	2,547	2,501
Current investments	0	0
Cash and cash equivalents as in SoFP	2,547	2,501
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash & cash equivalents as in Statement of Cash Flows	2,547	2,501

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24. Trade and other payables at the SoFP Date	31 March 2014	31 March 2013
Current	£000	£000
Welsh Government	79	124
Welsh Health Specialised Services Committee	0	0
Welsh Health Boards	1,381	762
Welsh NHS Trusts	264	876
Other NHS	77	198
Welsh Local Authorities	293	214
Other Local Authorities	0	0
Taxation and social security payable / refunds:		
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
National Insurance contributions payable to HMRC	0	0
Non-NHS trade payables - revenue	2,679	3,362
Non-NHS trade payables - capital	95	26
Rentals due under operating leases	53	74
Obligations due under finance leases and HP contracts	640	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Accruals	170	24
Deferred Income:		
Deferred income brought forward	67	85
Deferred income additions	0	0
Transfer to/from current/non current deferred income	0	0
Released to the Income Statement	0	0
Other liabilities - all other payables	0	0
Sub-total	5,798	5,745

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24. Trade and other payables at the SoFP Date (cont)

	31 March	31 March
	2014	2013
Non-current	£000	£000
Welsh Government	0	0
Welsh Health Specialised Services Committee	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Taxation and social security payable / refunds:		
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
National Insurance contributions payable to HMRC	0	0
Non-NHS trade payables - revenue	0	0
Non-NHS trade payables - capital	0	0
Rentals due under operating leases	0	0
Obligations due under finance leases and HP contracts	1,232	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Accruals	0	0
Deferred Income:		
Deferred income brought forward	0	0
Deferred income additions	0	0
Transfer to/from current/non current deferred income	0	0
Released to the Income Statement	0	0
Other liabilities - all other payables	0	0

Sub-total	0	<u>1,232</u>	
Total		<u>7,030</u>	<u>5,745</u>

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

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25. Borrowings	31 March	31 March
Current	2014	2013
	£000	£000
Bank overdraft - GBS	0	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	0	0
Other	0	0
Total	0	0
Bank overdraft - OPG	0	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Government	0	0

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Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	0	0
Other	0	0
Total	0	0

25.2 Loan advance/strategic assistance funding

The NHS trust has received no loan advance or strategic funding from the Welsh Government.

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Current	March	March
	2014	2013
	£000	£000
Financial liabilities carried at fair value through income statement.	0	623
Non-current		
Financial liabilities carried at fair value through income statement.	0	1,713
Other liabilities		
Current		

	March 2014 £000	March 2013 £000	26. Other
Lease incentives	0	0	
PFI asset - deferred credit	0	0	
Other (Please specify)	0	0	
Total Non-current	0	0	
Lease incentives	0	0	
PFI asset - deferred credit	0	0	
Other (Please specify)	0	0	
Total financial liabilities	0	0	

The Trust has no early retirement buy outs.

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28. Provisions
2013-14

28.1 Public Health Wales NHS Trust include Transfers

Welsh Risk Pool	At 1 April 2013	Structured settlement cases transferr-ed	Transfers to creditors	between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2014
to Risk Pool										
Current										

Clinical negligence	1,922	0	0	0	0	980	(172)	(87)	0	2,643
Personal injury	360	0	0	(65)	0	135	(147)	(99)	0	184
All other losses and special payments	0	0	0	0	0	21	(21)	0	0	0
Defence legal fees and other administration	83	0	0	0	0	153	(17)	(28)		191
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	2,365	0	0	(65)	0	1,289	(357)	(214)	0	3,018

Non Current

Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	1,050	0	0	65	0	0	0	0	0	1,115
All other losses and special payments	0	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	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	1,050	0	0	65	0	0	0	0	0	1,115

TOTAL

Clinical negligence	1,922	0	0	0	0	980	(172)	(87)	0	2,643
Personal injury	1,410	0	0	0	0	135	(147)	(99)	0	1,299
All other losses and special payments	0	0	0	0	0	21	(21)	0	0	0
Defence legal fees and other administration	83	0	0	0	0	153	(17)	(28)		191
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	3,415	0	0	0	0	1,289	(357)	(214)	0	4,133

Expected timing of cash flows:

Timing period yet to be confirmed

	In the remainder of spending review to 31 March 2015	Between 1 April 2015 31 March 2020	Between 1 April 2020 31 March 2025	Thereafter	Totals
	£000	£000	£000	£000	£000
Clinical negligence	2,643	0	0	0	2,643
Personal injury	183	314	287	515	1,299
All other losses and special payments	0	0	0	0	0
Defence legal fees and other administration	191	0	0	0	191
Pensions - former directors	0	0	0	0	0
Pensions - other staff	0	0	0	0	0
Restructuring	0	0	0	0	0
Other	0	0	0	0	0
Total	3,017	314	287	515	4,133

The expected timing of cashflows are based on best available information; but they could change on the basis of individual case changes.

The "Personal Injury" category includes provisions for 3 Permanent Injury Benefit cases.

	At 31 March 2012	Transfer to (to)/from creditors to Risk Pool	Reversed other NHS current	Unwinding unused	At 31 March of discount body	cases current during the 2013 transferr-ed	during the and non	year	year
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Personal injury									
All other losses and special payments									
Defence legal fees and other administration									
Pensions relating to: former directors									
Pensions relating to: other staff									
Restructurings	2,186	0	0	0	0	591	(712)	(143)	0
Other	44		0	0	0				
Total	38		0	0	0			(9)	83
Non Current	0		0	0	0	0	0	0	0
Clinical negligence	0		0	0	0	0	0	0	0
Personal injury	0		0	0	0	0	0	0	0
All other losses and special payments	0		0	0	0	0	0	0	0
Defence legal fees and other administration	2,268	0	0	92	0	1,061	(903)	(153)	0
Pensions relating to: former directors		0		92		374	(149)	(1)	0
Pensions relating to: other staff		0				20	(20)	0	0
Restructurings						76	(22)		
Other							0		
Total									
TOTAL									
Clinical negligence									
Personal injury									
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
Restructurings	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
	1,127	0	0	(92)	0	0	15	0	0
	1,127	0	0	(92)	0	0	15	0	1,050

Structured	Transfer	T										
ransfer			2,186	0	0	0	0	591	(712)	(143)	0	1,922
se			0		0	0	0					0
ettlement			38		0	0	0			(9)		83
ent			0		0	0	0	0	0	0	0	0
between			0		0	0	0	0	0	0	0	0
Ar			0		0	0	0	0	0	0	0	0
ris			0		0	0	0	0	0	0	0	0
in			0		0	0	0	0	0	0	0	0
g			3,395	0	0	0	0	1,061	(888)	(153)	0	3,415
Util			1,171	0	0	0	0	374	(134)	(1)	0	1,410
l				0				20	(20)	0	0	
i				0				76	(22)			
s									0			

29. Finance leases

29.1 Finance leases obligations (as lessee)

The Trust has a finance lease for the Picture Archive Computer System (PACS).

The inherent interest rate has been calculated at 2.77%. This has been used to discount the total future minimum lease payments **of £2,016k to their present value of £1,872k**

Maintenance costs are charged directly to SOCI and are not included as part of the lease value.

Amounts payable under finance leases:

LAND	31 March 2014	31 March 2013
	£000	£000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
Present value of minimum lease payments	0	
Within one year		
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0

	March	March
	2014	2013
	£000	£000
Amounts payable under finance leases:		
BUILDINGS		
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in: Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	0	0
Included in: Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
OTHER		
	March	March
	2014	2013
	£000	£000
Minimum lease payments		
Within one year	690	671
Between one and five years	1,326	1,851
After five years	0	0
Less finance charges allocated to future periods	2,016	2,522
Minimum lease payments	0	0
Included in: Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
Present value of minimum lease payments		
Within one year	640	623
Between one and five years	1,232	1,713
After five years	0	0
	1,872	2,336
Total present value of minimum lease payments		
Included in: Current borrowings	640	623
Total	0	0

Non-current borrowings

1,232

1,713

1,872

2,336

29.1 Finance leases obligations (as lessee) continued

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<hr/>	<hr/>
<hr/>	<hr/>
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29.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

Amounts receivable under finance leases:

	31 March	31 March
	2014	2013
	£000	£000
Gross investment in leases		
Within one year	0	0
Between one and five years	0	0
	<hr/>	<hr/>
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	0	0
	<hr/>	<hr/>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<hr/>	<hr/>
Total	0	0
	<hr/>	<hr/>
Present value of minimum lease payments		
	<hr/>	<hr/>
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	0	0

Included in:

Current borrowings

0

0

Non-current borrowings

0

0

Total

0

0

29.3 Rental Revenue	31 March	31 March
	2014	2013
	£000	£000
Contingent rent	0	0
Other	0	0
Total rental revenue	0	0

29.4 Finance Lease Commitment

Public Health Wales NHS Trust has no finance lease commitments for an asset which has not become fully operational during or prior to 2013-14.

30. Private finance transactions

Private Finance Initiatives (PFI) / Public Private Partnerships (PPP)

The Trust has no PFI or PPP schemes deemed to be "on or off SoFP."

31. Financial risk

IFRS 7, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

NHS trusts are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. NHS trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing NHS trusts in undertaking its activities.

The NHS trust's treasury management operations are carried out by the finance department within parameters defined formally within the NHS trust's standing financial instructions and policies agreed by the board of directors. NHS trust treasury activity is subject to review by the NHS trust's internal auditors.

Liquidity risk

NHS trust's net operating costs are incurred under annual service agreements with various Health bodies, which are financed from resources voted annually by parliament. NHS trusts also largely finance their capital expenditure from funds made available from the Welsh Government under agreed borrowing limits. NHS trusts are not, therefore, exposed to significant liquidity risks.

Interest-rate risks

The great majority of NHS trust's financial assets and financial liabilities carry nil or fixed rates of interest. NHS trusts are not, therefore, exposed to significant interest-rate risk.

Foreign currency risk

NHS trusts have no or negligible foreign currency income or expenditure and therefore are not exposed to significant foreign currency risk.

Credit Risk

Because the majority of the trust's income comes from contracts with other public sector bodies, the trust has low exposure to credit risk. The maximum exposures are in receivables from customers as disclosed in the Trade and other receivables note.

General

The powers of the NHS trust to invest and borrow are limited. The Board has determined that in order to maximise income from cash balances held, any balance of cash which is not required will be invested. The trust does not borrow from the private sector. All other financial instruments are held for the sole purpose of managing the cash flow of the trust on a day to day basis or arise from the operating activities of the trust. The management of risks around these financial instruments therefore relates primarily to the trust's overall arrangements for managing risks to their financial position, rather than the trust's treasury management procedures.

Public Health Wales NHS Trust Annual Accounts 2013-14

32. Financial Instruments

Financial assets	At "fair value" through I&E	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	0	0	0	0
NHS receivables	5,960	0	0	5,960
Cash at bank and in hand	2,547	0	0	2,547
Other financial assets	1,858	0	0	1,858
Total at 31 March 2014	10,365	0	0	10,365

Financial liabilities	At "fair value" through I&E	Other	Total
	£000	£000	£000
Embedded derivatives	0	0	0
PFI and finance lease obligations	1,872	0	1,872
Other financial liabilities	5,158	0	5,158
Total at 31 March 2014	7,030	0	7,030

Financial assets	At "fair value" through I&E	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	0	0	0	0
NHS receivables	5,829	0	0	5,829
Cash at bank and in hand	2,501	0	0	2,501
Other financial assets	0	0	0	0
Total at 31 March 2013		0	0	

Financial liabilities	At "fair value" through I&E	Other	Total
	£000	£000	£000
Embedded derivatives	0	0	0
PFI and finance lease obligations	2,336	0	2,336
Other financial liabilities	5,745	0	5,745
Total at 31 March 2013		8,081	8,081
	8,330		8,330

Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies. The NHS trust has limited powers to borrow or invest surplus funds and financial assets and

liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS trust in undertaking its activities.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

Only NHS receivables have been included in the financial assets as these have been formally agreed through the NHS agreement process. The other financial liabilities figure is the total liabilities from Note 23

33. Financial performance targets

The Trust has met 2 out of 3 of its financial targets. Details are given below:

	2013-14 £000
Target retained surplus	0
Actual retained surplus	15
Variance	<u>(15)</u>

The in year breakeven target and actual surpluses are £0k and £15k respectively

Public Health Wales NHS Trust has also achieved on-going breakeven requirement.

The Trust has broken even in 2013-14.

33.2 External financing

	31 March 2014 £000	31 March 2013 £000
The Trust is given an external financing limit which it is permitted to undershoot	£000	£000
External financing limit set by the Welsh Government	(1,809)	(1,720)
Cash flow financing	(1,026)	(1,750)
Finance leases taken out in the year	(783)	30
Other capital receipts	0	0

External financing requirement Undershoot (overshoot)	<u>(1,809)</u>	<u>(1,720)</u>
The Trust has achieved its external financing limit.	<u>0</u>	<u>0</u>

33.3 Creditor payment

The Trust 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 Trust has achieved the following results:	2013-14
Total number of non-NHS bills paid 2013-14	21,755
Total number of non-NHS bills paid within target	20,416
Percentage of non-NHS bills paid within target	93.8%

The Trust has not met the target.

Public Health Wales NHS Trust Annual Accounts 2013-14

34. Contingencies

34.1 Contingent liabilities

Total value of disputed claims	460	145
Amount recovered under insurance arrangements in the event of these claims being successful	0	0
Net contingent liability	<u>460</u>	<u>145</u>
Provision has not been made in these accounts for the following amounts:	31 March 2014	31 March 2013
	£000	£000
Legal claims for alleged medical or employer negligence	460	145
Doubtful debts	0	0
Equal pay cases	0	0
Defence costs	0	0
Other (Please specify)	0	0

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them.

Liability for Permanent Injury Benefit under the NHS Injury Benefit Scheme lies with the employer. Individual claims to the NHS Pensions Agency could arise due to known incidents.

34.2 Contingent assets

The Trust has no contingent assets.

35. Third party assets

The Trust has no Third Party Assets.

36. Events after reporting period

There are no events after the reporting period that need to be disclosed in the financial statements

Public Health Wales NHS Trust Annual Accounts 2013-14

37. Related Party transactions

The Trust is a body corporate established by order of the Welsh Minister for Health and Social Services. The trust is a body corporate established by order of the Welsh Minister for Health and Social Services. During the year none of the board members or members of the key management 'During the year none of the board members or members of the key management staff or parties staff or parties related to them has undertaken any material transactions with the trust 'related to them has undertaken any material transactions with the Trust

Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
£000	£000	£000	£000

The Welsh Government is regarded as a related party. During the year the Trust 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. In addition, those organisations which have been identified as related parties to board or executive team members are also listed below.

Payments to	Receipts from	Amounts owed	Amounts due
-------------	---------------	--------------	-------------

	related party	related party	to related party	from related party
	£000	£000	£000	£000
Welsh Government	274	87,864	79	641
FHoT	0	0	0	0
WHSSC	0	337	0	12
ABMU LHB	4,414	3,517	355	313
Aneurin Bevan LHB	3,012	745	314	220
Betsi Cadwaladr LHB	3,636	3,104	324	256
Cardiff and Vale LHB	3,178	5,208	161	943
Cwm Taf LHB	1,597	217	50	127
Hywel Dda LHB	1,666	1,645	145	300
Powys LHB	217	128	31	6
Velindre NHS Trust	1,615	223	211	15
WAST	49	0	0	0
WRP	0	0	0	0
Cardiff University	809	905	106	212
Merthyr Tydfil CBC	155	1	48	0
Swansea University	464	23		3
Public Health England	271	74		16
	21,357	103,991	1,824	3,064

Public Health Wales NHS Trust Annual Accounts 2013-14

Sub total	7,494	0	5,505	1,232
Other Central Government Bodies				
Other Government Departments	0	0	0	0
Revenue & Customs	172	0	0	0
Local Authorities	159	0	293	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	0	0	0	0
TOTAL				
TOTAL	7,539	0	5,745	0

	Receivables: Current	Receivables: Non-current	Payables: Current	Payables: Non-current
	£000	£000	£000	£000
2012-13:				
Welsh Government	848	0	124	0
Welsh Local Health Boards	2,554	0	762	0
Welsh NHS Trusts	10	0	876	0
WHSSC	60	0	0	0
All English Health Bodies	43	0	56	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	2,373	0	142	0
Credit note provision	0	0	0	0

38. Intra Government balances and transactions

38.1 Intra Government Balances

	Receivables: Current	Receivables: Non-current	Payables: Current	Payables: Non-current
	£000	£000	£000	£000
2013-14:				
Welsh Government	641	0	79	0
Welsh Local Health Boards	<u>7,825</u>	<u>0</u>	<u>5,798</u>	<u>1,232</u>
	2,165	0	1,381	0
Welsh NHS Trusts	15	0	264	0
WHSSC	12	0	0	0
All English Health Bodies	22	0	77	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	4639	0	3,704	1,232
Credit note provision	0	0	0	0
Sub total	<u>5,888</u>	<u>0</u>	<u>1,960</u>	<u>0</u>
Other Central Government Bodies				
Other Government Departments	52	0	0	0
Revenue & Customs	130	0	0	0
Local Authorities	131	0	214	0
Balances with Public Corporations and trading funds	0	0	0	0

Balances with bodies external to Government 1,338 0 3,571 0

Public Health Wales NHS Trust Annual Accounts 2013-14

39. Losses and special payments

Losses and special payments are charged to the Income statement in accordance with IFRS but are recorded in the losses and special payments register when payment is made. Therefore this note is prepared on a cash basis.

Gross loss to the Exchequer

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

	Amounts paid out during year to 31 March 2014			Approved to write-off to 31 March 2014	
	Number	£		Number	£
Clinical negligence	9	177,135		9	1,280,491
Personal injury	3	83,955		4	98,973
All other losses and special payments	1	21,000	1		21,000
Total	13	282,090		14	1,400,464

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

	Case reference	Case type	Amounts	Approved to	
			paid out in	Cumulative	write-off
			year	amount	in year
			£	£	£
Cases exceeding £300,000					
	09RQFMN0005	CN	22,016	788,686	788,686
Sub-total			22,016	788,686	788,686
All other cases			260,074	611,778	611,778
Total cases			282,090	1,400,464	1,400,464

Public Health Wales NHS Trust Annual Accounts 2013-14

40. Pooled budgets

Public Health Wales NHS trust has no pooled budgets.

41. Operating segments

The Trust's primary remit is the provision of public health services throughout Wales and this is viewed as the only segment that is recognisable under this legislation.

The Chief Operating Decision Maker (CODM) is considered to be the Trust Board. The CODM receives a variety of information dealing with various aspects of the Trust's performance, however considers the provision of public health services to be ultimately generic, in terms of geography and service.

The Trust therefore is deemed to operate as one segment.

42. Other

At 1 April the Improvement Functions of the former NLIAH, along with the functions of equality and human rights, and their associated asset and liabilities were transferred from ABMU LHB to Public Health Wales NHS Trust.

This resulted in an increase to the annual core funding for Public Health Wales of £4.4m. 48 staff were transferred into Public Health Wales and an opening creditor balance of £10k, which was paid in year.

The transfer of functions were treated using absorption accounting adapted for the issue of PDC.

All transactions and balances related to those functions pre 1st April 2013 are included in the transferor accounts and post 1st April 2013 are included in Public Health Wales NHS Trust's financial statements:

Audit report of the Auditor General to the National Assembly for Wales

I certify that I have audited the financial statements of Public Health Wales NHS Trust for the year ended 31 March 2014 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement and the Statement of Changes in Tax Payers Equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs). I have also audited the information in the Remuneration Report that is described as having been audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on page 66, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Public Health Wales NHS Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and Chief Executive; and the overall presentation of the financial statements.

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

In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Public Health Wales NHS Trust as at 31 March 2014 and of its surplus, its recognised gains and losses and cash flows for the year then ended; and 3 6 (£210,000)
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Public Health Wales NHS Trust Annual Accounts 2013-14

Opinion on Regularity

In my opinion in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

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; and
- I have been unable to read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements as it was not available at the time of my audit.

Matters on which I report by exception

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

- the Annual Governance Statement does not reflect compliance with HM Treasury's and Welsh Ministers' guidance;
- proper accounting records have not been kept;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for
Wales
24 June 2014

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Public Health Wales NHS Trust Annual Accounts 2013-14

**STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS
ACCOUNTABLE OFFICER OF THE TRUST**

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the Trust. 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.

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.

Date: 2014Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF

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 NHS trust and of the income and expenditure of the NHS trust 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 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 Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction by the Welsh Ministers.

By Order of the Board

Signed:

Date:2014 Chairman:

Date:2014 Chief Executive:

Date:2014 Director of Finance:

THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY WELSH MINISTERS IN ACCORDANCE WITH SCHEDULE 9 SECTION 178 PARA 3(1) OF THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE APPROVAL OF TREASURY
Xxx LHB/NHS Trust

NHS TRUSTS*Number of Number of other

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March **er** **1 departures** 4 of 2 2010 and subsequent financial years in respect of the NHS Wales Trusts in the form specified in 4 5 1 paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the NHS Wales Trusts shall comply with: 3 6 (£210,000)

Total

- (a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force 3 for the financial year for which the accounts are being prepared, as detailed in the NHS Wales Trust Manual for Accounts;
- (b) any other specific guidance or disclosures required by the Welsh Government.

FORM AND CONTENT

- 3. The account of the Trust for the year ended 31 March 2010 and subsequent years shall comprise a foreword, an income statement, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied to the NHS Wales Manual for Accounts, including such notes as are necessary to ensure a proper understanding of the accounts.
- 4. For the financial year ended 31 March 2010 and subsequent years, the account of the Trust shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.
- 5. The account shall be signed and dated by the Chief Executive.

MISCELLANEOUS

- 6. The direction shall be reproduced as an appendix to the published accounts.
- 7. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated : 17.06.2010

1 Please see regulation 3 of the 2009 No 1558(W.153); NATIONAL HEALTH SERVICE, WALES; The National Health Service Trusts (Transfer of Staff, Property Rights and Liabilities) (Wales) Order 2009

Annual Governance Statement

1 Scope of Responsibility

The Board is accountable for governance, risk management and internal control. As Chief Executive and Accountable Officer of Public Health Wales, 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 Accounting Officer of NHS Wales.

As Chief Executive and Accountable Officer, I have personal overall responsibility for the management and staffing of the organisation. I am required to assure myself, and therefore the Board, that the organisation’s executive management arrangements are fit for purpose and enable effective leadership. I have received assurances from the Interim Chief Executive as to the controls, which were in place during the year. The following statement demonstrates the mechanisms and methods used to enable me to gain that assurance.

2 Governance Framework

Public Health Wales has continued to develop a system of governance and assurance. The Board functions as a corporate decision-making body, with Executive Directors and Non-Executive Directors being full and equal members and sharing corporate responsibility for all the decisions of the Board.

In particular, the Board has responsibility for the strategic direction, **Xxx LHB/NHS Trust** governance framework, organisational culture and development, ***Nu Number of Num** developing strong relationships with key stakeholders and partners and **mb other ber** delivery of Public Health Wales’ aims and objectives. In addition, **er 1 departures** 4 of 2 Executive Directors have Board level responsibility for discharging Public 4 5 1 Health Wales’ corporate and public health functions.

The Board is supported by the Board Secretary, who acts as principal advisor on all aspects of governance within Public Health Wales.³

⁶ (£210,000)

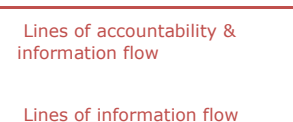
The Board has established a standing Committee structure, which it has determined best meets the needs of the organisation whilst taking account of any regulatory or Welsh Government requirements.

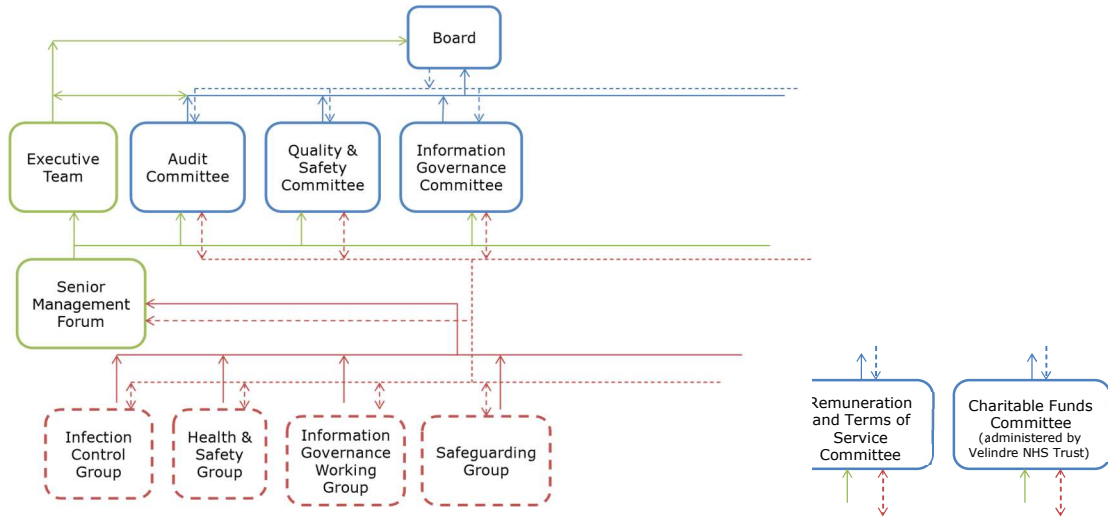
Public Health Wales NHS Trust Annual Accounts 2013-14

Diagram 1.1 below provides an overview of the governance framework established by Public Health Wales, which operated during 2013/14.

These arrangements have been further strengthened by the introduction of a service user experience and learning panel with clearer senior management oversight, which will be operational from April 2014 and will report directly to the Quality and Safety Committee. Further information on the development of the panel appears later in this document.

At an operational level, the Executive Team has a robust governance structure ensuring monitoring and control of the efficient and effective use of the Trust's resources. Financial monitoring, service performance, quality and workforce information is scrutinised at meetings of the Trust Board, and at various operational team meetings.





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*Number	Number of other	Number
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NHS Trusts in Wales must agree Standard of Care Frameworks, Standard of Practice Frameworks, Standard of Business Frameworks, Standard of Financial Frameworks, Standard of Information Frameworks, Standard of Governance Frameworks, Standard of Health Frameworks, Standard of Safety Frameworks, Standard of Quality Frameworks, Standard of Risk Frameworks, Standard of Compliance Frameworks, Standard of Ethics Frameworks, Standard of Equality Frameworks, Standard of Diversity Frameworks, Standard of Inclusion Frameworks, Standard of Sustainability Frameworks, Standard of Resilience Frameworks, Standard of Innovation Frameworks, Standard of Research Frameworks, Standard of Development Frameworks, Standard of Learning Frameworks, Standard of Improvement Frameworks, Standard of Change Frameworks, Standard of Transformation Frameworks, Standard of Digital Frameworks, Standard of Technology Frameworks, Standard of Innovation Frameworks, Standard of Research Frameworks, Standard of Development Frameworks, Standard of Learning Frameworks, Standard of Improvement Frameworks, Standard of Change Frameworks, Standard of Transformation Frameworks, Standard of Digital Frameworks, Standard of Technology Frameworks.



by operating practice. Together with

During the year, a number of developments have been put in place, which will further strengthen the governance framework for the organisation and test the robustness of the framework. In response to the Mid-Staffordshire NHS Foundation Trust Public Inquiry (the Francis Report), a Francis review team was established. The review team has undertaken a series of engagement workshops with staff across the organisation. The workshops considered the implications for Public Health Wales of the findings from the Mid-Staffordshire Inquiry. The themes identified in the workshops will be considered alongside work being undertaken by the Workforce and Organisational Development team in response to the staff survey and the Public Health Wales Strategy and delivery planning. The emerging themes focus on organisational culture and ways of working. More detailed findings are currently being considered by the Executive Team and will be reported to the Board on 26 June 2014.

We have also recognised that information on service user experience can help to improve and shape services in the organisation. This was also identified as an

area for improvement in the Wales Audit Office Structured Assessment for this year. Work has begun to establish a Service User Experience and Learning Panel, which will bring scrutiny and emphasis on placing service users at the centre of improving, developing and planning services. The panel will also consider concerns, incidents and complaints in conjunction with Service User Experience. This will provide a more joined up and coherent approach to understanding emerging issues from a citizen centred perspective leading to service improvements. The panel will have representation from key areas where services are provided across the organisation. A representative from Community Health Councils has also been identified to sit on the group. The group will report regularly against the Welsh Government's Service User Experience Framework and the agreed national service user standards. A Non Executive Director has been appointed as service user experience champion. This will assist quality improvements and service user experience whilst ensuring the user's voice and experience are heard and represented at Board level and also further strengthen the assurance arrangements for the organisation.

2.1 Board membership

Xxx LHB/NHS Trust

The Board has been constituted to comply with the Public Health Wales National

***Nu Number of Num** Health Service Trust (Membership and Procedure)

Regulations 2009. In addition **mb other ber** to responsibilities and

accountabilities set out in terms and conditions of **er 1 departures 4 of 2**

appointment, Board members also fulfil a number of Champion roles where they
4 5 1 act as ambassadors for these matters.

3 6 (£210,000)

Public Health Wales NHS Trust Annual Accounts 2013-14

In addition to the Board members appointed in accordance with the Public Health

Wales NHS Trust (Membership and Procedures) Regulations 2009, Public Health Wales has appointed four additional posts, which have an integral role in the governance of the organisation. These include a Board Secretary, Director of Nursing, Director of Workforce and Organisational Development and Director of Communications. Individuals appointed to these positions are members of the Executive Team and have a standing invitation to Board meetings where they can contribute to discussions but do not have voting rights. The Director of Nursing post was a new post created in 2013. The Director of Nursing took up her post in April 2013. This new post provides an improved position for the organisation in ensuring that appropriate arrangements are in place to ensure the necessary protection for the public, professional leadership and

accountability for registered nurses and midwives employed within the organisation. Professional lines of accountability are made clear and will be reflected in job descriptions for all registered nurses and midwives where registration with the NMC is a pre requisite for employment within Public Health Wales. Table 1 outlines the membership of the Board for 2013/14 and also highlights the membership of the Committees and areas of responsibilities that are championed by the members of the Board.

2.1.1 Vacant Board position

The Local Authority Non Executive Director position has remained vacant throughout 2013/14. The Public Health Wales NHS Trust (membership and procedure) Regulations 2009 prescribe that this position must be filled using a nominee from local authorities in Wales. The Board had recognised that this nomination approach disadvantages people from under-represented groups and does not promote the organisation's commitment to openness and transparency. Following discussions with the Minister for Health and Social Services, it has been agreed to amend the Regulations so that the post can be advertised through fair and open competition, rather than a nomination process. The Welsh Government has agreed that until the Regulations have been amended, the post can be filled on an interim basis. This vacancy has added pressure to the time already given by existing Non Executive Directors and does not present the **LHB/NHS Trust** Board with a rounded local government view. We are well into the process of **Nu Number of Num** appointing an interim Board member for a 12 month period that can provide a **mb other ber** strong link to local authorities in Wales. Local Government is a key partner in **er 1 departures** 4 of 2 tackling public health issues in Wales and it is therefore a distinct disadvantage 45 1 for the organisation not to have this link in place.

3 6 (£210,000)

2.1.2 Recruitment of new Chief Executive

Mr Bob Hudson left his post as Chief Executive of Public Health Wales in November 2013. An interim arrangement was put in place whereby Mr Huw George took up the position as interim Chief Executive. There was a seamless transition between Mr Hudson leaving the organisation and Mr George taking up the role of interim Chief Executive. Mr George's substantive role as Executive Director of Finance ensured a continuity of knowledge and did not present any risk to the organisation. Mr Huw George remained in post until I took up the position on 1 June 2014. Mrs Tamira Rolls was appointed as interim Executive Director of Finance during this period.

2.1.3 Staff representation at Board meetings

We have invited members of trade unions and BMA to attend Board meetings as full non-voting members to contribute fully to discussions and decisions at Board level. In 2012/13 we reported that there was no staff representation at Board level. We are pleased to report that the partnership forum has nominated two representatives to attend Board meetings. They will alternate their attendance at each meeting and attendance started in January 2014. We are in discussions with the BMA about securing a representative at Board meetings.

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NAME	POSITION	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES
<i>Professor Sir Mansel Aylward CB</i>	<i>Chair</i>	<ul style="list-style-type: none"> • <i>(Chair) The Board</i> • <i>(Chair) Remuneration Committee</i> 	<i>Veterans</i>
<i>Mr John Spence</i>	<i>Vice Chair (Independent Member)</i>	<ul style="list-style-type: none"> • <i>(Vice Chair) the Board</i> • <i>Quality & Safety Committee</i> • <i>Remuneration & Terms of Service Committee</i> • <i>(Chair) Information Governance Committee</i> • <i>Audit Committee</i> 	<i>Violence & aggression</i> <i>Mental health</i> <i>Putting things right</i>
<i>Dr Carl Clowes OBE</i>	<i>Non Executive Director (Third Sector)</i>	<ul style="list-style-type: none"> • <i>Quality & Safety Committee</i> • <i>Audit Committee</i> • <i>Information Governance Committee</i> • <i>Remuneration & Terms of Service Committee</i> 	
<i>Professor Gareth Williams</i>	<i>Non Executive Director (University)</i>	<ul style="list-style-type: none"> • <i>Quality & Safety Committee</i> • <i>Remuneration & Terms of Service Committee</i> 	<i>Service user experience</i>
<i>Professor Simon Small CBE</i>	<i>Non Executive Director (Independent Member)</i>	<ul style="list-style-type: none"> • <i>(Chair) Quality and Safety Committee</i> • <i>Remuneration and Terms of Service Committee</i> 	<i>Safeguarding</i>
<i>Mr Terence Rose CBE</i>	<i>Non Executive Director (Independent Member)</i>	<ul style="list-style-type: none"> • <i>(Chair) Audit Committee</i> • <i>Information Governance Committee</i> • <i>Remuneration and Terms of Service Committee</i> 	
<i>Mr Bob Hudson (until November 2013)</i> <i>Mr Huw George (from December 2013)</i>	<i>Chief Executive</i>	<ul style="list-style-type: none"> • <i>Audit Committee*</i> • <i>Quality & Safety Committee*</i> • <i>Information Governance Committee*</i> • <i>Remuneration & Terms of Service Committee*</i> 	<i>N/A</i>
<i>Mr Huw George (until November 2013)</i> <i>Mrs Tamira Rolls (from December 2013)</i>	<i>Executive Director of Finance</i>	<ul style="list-style-type: none"> • <i>Audit Committee*</i> 	<i>N/A</i>
<i>Dr Quentin Sandifer</i>	<i>Executive Director of Public Health Services and Medical Director</i>	<ul style="list-style-type: none"> • <i>Quality & Safety Committee*</i> • <i>Information Governance Committee*</i> 	<i>N/A</i>
<i>Dr Peter Bradley</i>	<i>Executive Director of Public Health Development</i>		<i>N/A</i>
<i>Mr Mark Dickinson</i>	<i>Executive Director of Planning and Performance</i>	<ul style="list-style-type: none"> • <i>Quality & Safety Committee*</i> • <i>Information Governance Committee*</i> 	<i>N/A</i>
<i>Mr Keith Cox*</i>	<i>Board Secretary</i>	<ul style="list-style-type: none"> • <i>Audit Committee*</i> • <i>Quality and Safety Committee*</i> • <i>Information Governance Committee*</i> • <i>Remuneration and Terms of Service Committee*</i> 	<i>Equality</i>
<i>Ms Rhiannon Beaumont-Wood*</i>	<i>Director of Nursing</i>	<ul style="list-style-type: none"> • <i>Quality and Safety Committee*</i> 	
<i>Ms Ruth Davies*</i>	<i>Director of Workforce and Organisational Development</i>	<ul style="list-style-type: none"> • <i>Remuneration and Terms of Service Committee*</i> 	
<i>Mr Chris Lines*</i>	<i>Director of Communications</i>		<i>Welsh language</i>

** Attend Board / Committee meetings, but are not members of the Board / Committee and therefore do not have voting rights.*

The following table outlines dates of Board and Committee meetings held during 2013/14, highlighting any meetings that were inquorate:

Table 1.2 Board and Committee meetings held during 2013/14

Board/ Committee	2013-14						
Trust Board	25-Apr	27-Jun	25-Jul	19-Sep	21-Nov	30-Jan	27-Mar
Audit	09-May	06-Jun	18-Sep	18-Dec	12-Mar		
Quality & Safety	13-Apr	11-Jul	02-Oct				
Information Governance	06-Jun	18-Sep	18 Dec	12-Mar			
Remuneration & Terms of Service Committee	25-Apr	27-Jun	21-Nov	30-Jan			

Quorate

Inquorate

There were no inquorate meetings held during 2013/14. Where meetings have been inquorate in previous years, escalation arrangements were in place to ensure that any matters of significant concern that could not be brought to the attention of the Committee could be raised with the Trust Chair.

2.2 Board Committees

The Board has established four standing Board Committees, chaired by Non Executive Directors, that have key roles in relation to the system of governance and assurance, decision making, scrutiny, development discussions, an assessment of current risks and performance monitoring. Committee papers and minutes for each meeting are published on the Public Health Wales [website](#). The chairs of the Committees provide verbal reports to the Board meeting following each Committee meeting. Minutes of Committee meetings are also presented to the Board once approved by the relevant Committee. Each Committee also produces an annual report, which provide a summary of business undertaken during the year. Copies of these reports are available on the Public Health Wales [website](#). The Committee annual reports provide the Board with assurance that the Committees are working effectively and contribute to the overall assessment of Board effectiveness.

There is common membership between the Committees to ensure integration with each other in relevant areas. The Terms of Reference for the Committees were reviewed in January 2014 to ensure that there were no overlaps or obvious gaps in roles and responsibilities for each of the Committees. This was undertaken in response to the Audit Committee's review of its effectiveness. The outcome of the review was that few changes were needed to the Terms of Reference, although some additional information was included to reinforce the need for Committees to ensure a connection between the business of key committees and also seek to integrate assurance reporting.

In addition, Public Health Wales has established a Charitable Funds Committee. This Committee has not met, as charitable funds are currently administered by Velindre NHS Trust on Public Health Wales' behalf. The Board has agreed that in the interest of cost effectiveness, Velindre NHS Trust will continue to administer charitable funds on behalf of Public Health Wales.

The following paragraphs provide highlights of reports received by Committees throughout the year. These highlights provide evidence of the governance framework working in practice.

2.2.1 The Audit Committee

The Audit Committee met five times during 2013/14 and was quorate on each occasion. The Audit Committee provides advice and assurance to the Board on the systems of internal control, governance and efficient and effective use of resources by overseeing and monitoring a programme of internal and external audit. During the year, the Audit Committee received and discussed a number of reports produced by internal audit, which included sustainability reporting; Annual Quality Statement; implementation of alert notices; Screening services – service modification; Welsh Risk Pool claims management; financial systems review; and asbestos management. The Committee was pleased to note that, with the exception of the Welsh Risk Pool claims management report and the asbestos report, each of these reports were rated 'reasonable assurance'. The Welsh Risk Pool claims management report was rated 'substantial assurance'. The asbestos management report was rated 'limited assurance'. In relation to the asbestos management report the Committee were informed of a number of issues highlighted in the report and noted the recommendations. At the end of March 2014, a number of the recommendations had been addressed and the Committee agreed that Internal Audit should complete a further review in September 2014.

1. Further information regarding the ratings of assurance from internal audit is provided at appendix A

In July 2013 the Board noted that the organisation was likely to miss the target for public sector payment compliance. The Audit Committee requested further assurances on what measures were being taken to improve the situation and received a report at their meeting in September 2013. The Committee received assurance that the issue had occurred early in the financial year and was due to a change over in systems. The organisation had achieved the target for the majority of the year, however the issues earlier in the year would mean that the target across the year would not be met. The Committee noted that this would be confirmed in the annual accounts for 2013/14.

The Committee also undertook a self assessment exercise where they assured themselves that the Committee was complying with the requirements set out in the Audit Committee handbook and identified areas for improvement for the Committee. This self assessment exercise included further development sessions and a renewed focus on roles and responsibilities for the Committee. The Committee also received a presentation on risk assurance in the organisation and discussed actions, which are currently in place to mitigate the high level corporate risks.

The organisation commissioned an external audit report into the management arrangements in the Microbiology Division. The final version of that report was received and discussed in December 2013. Consequent to which the Committee requested regular updates on progress being made to address the recommendations in the report. A similar audit report with recommendations was received by the Committee in March 2013 in relation to management arrangements in the Screening Division. This was followed by the receipt of regular reports, which provided updates on progress being made against the recommendations in the Screening Division report.

NHS Wales Shared Services Partnership carries out a number of functions on behalf of Public Health Wales. The Audit Committee receives reports from the internal audit function at NHS Wales Shared Services Partnership which provide it with assurance that these functions are efficient and cost effective. Public Health Wales also has representation on the NHS Wales Shared Services Partnership Committee where any issues, which have been identified are shared and fed back to the Committee.

2.2.2 The Quality and Safety Committee

The Quality and Safety Committee met three times during 2013/14 and was quorate on each occasion. However the Committee meeting scheduled for 8 February 2014 did not take place because the meeting did not have a full quorum.

The Committee expressed concern about the low level of compliance of statutory and mandatory training requirements and requested regular updates on actions to be taken, or already in place, substantially to improve compliance. The Committee has continued to monitor the situation and maintained to exert pressure on managers across the organisation to soundly address and achieve the necessary improvement in compliance among their colleagues. A focus on statutory training has been maintained by the Committee. Data subsequently received by the Committee demonstrated a welcome significant improvement in compliance by end of March 2014. The Committee will maintain its focus on compliance with statutory and mandatory training and expect continuing improvement in 2014/15.

During the year the Committee received a programme of reports from Divisions within the organisation on their quality assurance arrangements and how they are implemented and monitored. This series of reports also gave the Committee an opportunity to scrutinise thoroughly the performance frameworks within those divisions and to request further assurance where necessary. The Committee were pleased to note that the microbiology division has robust quality assurance arrangements in place. They monitored closely the division's Clinical Pathology Accreditation (CPA), during 2012/13. CPA assesses and declares the competence of medical laboratories in the UK. Adherence to the CPA standards for medical laboratories ensures a thorough assessment and evaluation of all aspects of an organisation's operations. A small number of non conformances with the Standards was identified. These were rectified and full CPA accreditation was received in June 2013. The microbiology laboratory in Wrexham transferred to Public Health Wales in October 2013 and maintained its CPA accreditation. Public Health Wales is now recognised as the only fully accredited pathology service in Wales. The next scheduled assessment in Public Health Wales Microbiology is expected in June 2014. This will be subject to the internationally recognised standard ISO15189:2012 *medical laboratories – particular requirements for quality, competence*, which was introduced by CPA in October 2013.

During the year, the Committee recognised that further work was needed in the microbiology division to develop performance reporting within the division. The Committee arranged a half-day session where they requested proposals on how performance reporting will be developed in the division and the link to the already well-established quality assurance arrangements. This was arranged for February 2014, but was postponed to the meeting on 22 April 2014. The Committee will continue to monitor this closely during 2014/15.

The Committee also reviews and considers claims under the NHS Wales redress scheme. No settlements under this scheme were made during 2013/14.

2.2.3 The Information Governance Committee

The Information Governance Committee met four times during 2013/14 and was quorate on each occasion. Throughout the year the corporate risk register contained four high level information governance risks (see below). The Committee received regular updates on each of these risks and discussed the actions being taken to mitigate the risks. The Committee were pleased to note that one risk, relating to all Wales patient consent forms, was removed as a risk during the year. A second risk relating the removal of section 251 support (which ensured compliance with the data protection act, removing the need to obtain explicit consent) has significantly reduced following action by, and pressure brought by the Committee. A third risk relating to EU data protection is still listed as a high risk and is being monitored closely by the Committee. The fourth risk is an overarching one relating to the risk of failure to ensure appropriate governance of information. This is an organisational wide risk which the Committee has discussed could possibly be reduced due to the robust controls which are now in place. The Committee has agreed to discuss this in more detail at their meeting in June 2014.

The Information Governance Committee receives summaries and reports on all Information Governance incidents and 'near misses' reported through the Trust's incident management system. All serious incidents are reported fully to the Committee and Welsh Government and full Root Cause Analysis investigations are undertaken.

2.2.4 The Remuneration and Terms of Service Committee

The Remuneration and Terms of Service Committee met four times during 2013/14 and was quorate on each occasion. As a result of the national pay freeze which has been observed in Public Health Wales, the Committee mostly considered applications in respect of the voluntary early release scheme. The Committee approved a 1 per cent cost of living pay award for senior managers in line with that awarded to staff under Agenda for Change and medical and dental staff in April 2013. However, it was subsequently discovered that this payment was made erroneously. This has now been rectified and reversed.

3 System of Internal Control

The 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 assurance of its effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate 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 in the Trust for the year ended 31 March 2014, and up to the date of approval of the Annual Report and Accounts.

A Board Assurance Framework was approved by the Board in September 2013. The Board Assurance Framework is used to monitor, proactively seek assurance and ensure shortfalls are addressed through the scrutiny of the Board and its Committees.

Key controls are defined as those controls and systems in place to assist in securing the delivery of the Board's strategic objectives. Examples of key controls include:

- Schemes of delegation
- Policies and procedures
- Performance data
- Financial management information
- Quality and Safety processes

4 Risk Management

Public Health Wales has continued to develop and embed its approach to risk management but has identified a need to review the risk management process to ensure risk is embedded across the organisation and linked to our three year integrated plan.

Public Health Wales has a risk management strategy in place, which includes a risk management framework. The strategy involves 5 key areas:

- developing risk management in Public Health Wales;
- embedding key risk management systems and processes;
- ensuring statutory compliance;
- ensuring Public Health Wales is risk aware and staff are appropriately trained and skilled in risk management;
- ensuring compliance with regulation and monitoring.

Risks are identified using an online risk management tool, which was launched in April 2013. All staff have received training and are encouraged to report risks using the online reporting facility. Risks are captured at every level within the organisation, from day to day risks faced by the staff on the ground, to the strategic risks at Board level.

Individual divisions, service areas, teams, programmes and laboratories are responsible for maintaining their own risk registers. These risks can then be prioritised according to a wide range of criteria, enabling principal risks to be fed upwards to the Board. Divisional Directors review their divisional risks regularly and ensure an action plan is in place and monitor progress against the action plan. A risk management group has responsibility for reviewing and commenting on the risk register and seeking assurance from those who have identified the risk that action plans are in place to manage and reduce the risk. These arrangements will be further strengthened in 2014/15. Risks are allocated to Executive leads and are reviewed at each Executive Team meeting.

The Audit Committee receives the corporate risk register regularly and has been reviewing the assurance in place for each risk. The Information Governance Committee review and scrutinise all information governance risks and the Quality and Safety Committee review all risks relating to quality and safety.

The corporate risk register contains ten high level risks. This is an increase on the eight high level risks which were in place in at the beginning of 2013/14. The table below provides a breakdown of categories of risk. The risk register is published on the Public Health Wales website with the [Board papers](#) for each Board meeting. The published register provides more details regarding the nature of the risk and the mitigating actions being taken by the organisation

Table 4.1 Category and number of risks

Category of risk	Number of risks at April 2013	Number of risks removed during the year	Number of risks added during the year	Number of risks at March 2014
patient and client (clinical) risk	0	0	1	1
information Governance risk	2	1	1	2
strategic risk	4	2	2	4
operational and organisational risk	2	0	1	3

The corporate risk register is supported by an operational risk profile. The risks on the operational risk profile arise from activities and processes undertaken within Divisions to achieve the organisation's objectives. The risks are identified during the normal course of work and are considered as they arise. They are managed at the time that they arise and reported

by staff locally. However, if necessary the risk can be escalated as appropriate.

The Wales Audit Office Structured Assessment recommended that *'the trust's approach to identifying and recording divisional risks needs to be reviewed and improved. It is not clear that risk registers are reviewed regularly'*. The Board has accepted this recommendation and recognises that more work is needed in this area. The development of the integrated medium term plan (more detail of which is found later in this document) has linked to a new operational plan with newly identified corporate risks, which are linked to the organisational priorities. The Board has also commissioned Academi Wales in conjunction with the Good Governance Institute to undertake a rapid review of governance behaviours and systems in April 2014. This is in response to the recommendation from Wales Audit Office.

All serious incidents are reported fully to the Quality and Safety Committee and Welsh Government and full Root Cause Analysis investigations are undertaken. The Committee is also responsible for the monitoring progress against actions identified to ensure that they are completed within the timescales set. In 2013/14 a total of seven Serious Incidents were reported to the Welsh Government. All Serious Incidents are reported by the Screening Division and relate either to misdiagnosis or recognised procedural risks. Each case is reviewed thoroughly and reported to the Quality and Safety Committee through the Putting Things Right highlights report which can be found on the Quality and Safety Committee [website](#). The Quality and Safety Committee is also responsible for ensuring that lessons are learnt from serious incidents and that these lessons are embedded in future practices.

The NHS Wales Shared Services Partnership, Audit and Assurance Services provide an internal audit function for Public Health Wales. Their programme of reviews provides an independent and objective opinion on the adequacy of the systems of risk management, control and governance by measuring and evaluating effectiveness.

5 Doing Well, Doing Better: Standards for Health Services in Wales

Public Health Wales uses the *Doing Well, Doing Better: Standards for Health Services in Wales* as its framework for gaining assurance on its ability to fulfil its aims and objectives for the delivery of safe, high quality health services. This involves self assessment of performance against the standards across all activities and at all levels throughout the organisation. An evaluation of this self assessment is undertaken by the Audit and Assurance Service and a plan for improvement is developed, which is further considered by the Quality and Safety Committee.

As part of this process, the organisation has completed the Governance & Accountability assessment module and has:

- openly assessed its performance using the maturity matrix
- responded, where received, to feedback from Healthcare Inspectorate Wales - put plans in place to achieve the improvement actions identified within clearly defined timescales proportionate to the risk.

For 2013/14 a more streamlined and focused assessment of the Governance and Accountability module has been completed. Areas for improvement have been identified and are reflected in the actions identified from the *Standards for Health Services in Wales* self assessment. Progress against these actions will be monitored and reported on a quarterly basis to the Executive Team and the Quality and Safety Committee and reports are available on the Public Health Wales [website](#). The following improvements were identified and completed during the year:

Standard 1: Governance and Accountability

A Board Assurance Framework was approved by the Board in September 2013. The template for Board papers will be amended to include a requirement to link any Board discussion to the revised strategic objectives and priorities and the relevant standards for health services

Standard 12: Environment

A facilities database has been developed which now acts as the central point for all estate related documentation and also to track any actions generated from inspections and audits. This database will help the organisation to determine best practice within our premises and also identify any gaps that require addressing.

Standard 22: Risk, Health and Safety

The online risk management system has been implemented across Public Health Wales and the web based risk assessment form and escalation process has been made available to all staff to enable them to report risks identified. These risks are subject to review and approval prior to being included on the Team, Division or Corporate risk register.

The organisation considered the following levels of performance for 2013/14. Also included is a comparison with scores achieved in previous years.

Table 4.1 Governance and Accountability Module

	Public Health Wales NHS Trust				
	Do not yet have a clear, agreed understanding of where they are (or how they are doing) and what / where they need to improve	Are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action	Are developing plans and processes and can demonstrate progress with some of their key areas for improvement	Have well developed plans and processes and can demonstrate sustainable improvement throughout the organisation / business	Can demonstrate sustained good practice and innovation that is shared throughout the organisation/ business, and which others can learn from
Setting the Direction			* ° X		
Enabling Delivery			* ° X		
Delivering results achieving excellence			* ° X		
Overall Maturity Level			* ° X		

* 2011/12

° 2012/13

X 2013/14

This process has been subject to independent internal assurance by the organisation’s Head of Internal Audit. The Quality and Safety Committee is responsible for the monitoring of progress against the Corporate Standards for Health Services Improvement Plan. Public Health Wales is represented at the Healthcare Standards Self Assessment Tool User Group.

Public Health Wales embeds the Standards for Health Services within its activities and structures as they develop. Each of the Corporate Standards for Health Services had an Executive Lead and nominated Corporate Lead, along with a responsible Board Committee. In addition, the revised Healthcare

Standards are built into relevant Public Health Policies and Procedures as appropriate.

Divisional Directors are also required to develop and lead arrangements to cascade and embed the standards that are relevant to their work. To assist with this a [protocol](#) has been developed to provide staff with details

of their roles and responsibilities in relation to the management of the Standards for Health Services.

6 UK Corporate Governance Code

Public Health Wales Board is required to comply with 'corporate governance in central government departments: code of good practice 2011'. The information provided in this Governance Statement provides an assessment of how Public Health Wales Board complies with the main principles of the Code as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the organisation's assessment against the Governance and Accountability Module undertaken by the Board and also evidenced by internal and external audits. Public Health Wales is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Board recognises that not all reporting elements of the Code are outlined in this Governance Statement but are reported more fully in the Trust's wider Annual Report. There have been no reported departures from the Corporate Governance Code.

The main principles of the code, which apply to Public Health Wales Board, include: role of the Board, Board composition, Board effectiveness and risk management. Public Health Wales complies with the first three of each of the principles in the following ways. More information on how Public Health Wales Board complies with risk management can be found in section 4.

6.1 Role of Board and Board composition

Public Health Wales is headed by a Board comprising five Executive and seven Non Executive Board members. There is a clear division of roles and responsibilities. The Board is responsible for shaping strategy and non Executive Directors regularly challenge and scrutinise the work of the executive. The Chair is accountable to the Minister for Health and Social Services and responsible for ensuring that the Board leads the organisation effectively so that the organisation delivers against national objectives set by the Welsh Government.

The Chair of the Board is accountable and reports to the Minister for Health and Social Services in regard to the overall performance of the Trust and its strategic direction. The Chief Executive is accountable and reports to the Chair and the Chief Executive of NHS Wales/Director General, Department for Health, Social Services and Children, Welsh Government. The Board itself is fully accountable to the Minister for Health and Social Services, the Welsh Government. As a public body, it also has a responsibility to its' partners and stakeholders, and the general public. The risk management process is described earlier in this document. Internal control principles are detailed and described in the Board Assurance Framework, which was approved by the Board in September 2013,

and the organisation's annual report and accounts provide an overview of assurance reporting to the Welsh Government and Welsh Ministers.

6.2 Board Effectiveness

The composition of the Board provides an appropriate balance of skills, experience, independence and knowledge. The board has expressed concern about the gender imbalance of Board members and the lack of people from under-represented groups. Work is being taken forward to ensure all future recruitment encourages applications from these under-represented groups and is in line with Welsh Government policy in this area.

Agendas and papers are issued ten calendar days before each formal Board meeting. This provides members and those invited to attend the Board in an observer capacity with sufficient time to consider all relevant information and papers for decision, discussion, guidance, information and intelligence so that they are aided and informed to discharge their duties and responsibilities effectively. Inevitably, meetings have very full agendas necessitating a considerable amount of business is completed at each meeting. Nevertheless, the chair of the Board is satisfied that the Board has only very rarely had insufficient time to fully consider and debate matters. In that rare circumstance less pressing matters are referred to the next meeting, or an agreed balanced sub-group of board members are assigned to progress the task before the next meeting, report their deliberations to the Chair who ensures that the sub-group's deliberations and outcomes are reported, discussed and endorsed or otherwise at the next plenary session of the Board. Board members have also confirmed that they are not pressurised into making decisions without the full and relevant information being made available to them.

Ongoing training and development for Board members, both Executive and Non Executive, is delivered through informal Board meetings. Non Executive Directors are involved in a variety of other ways which include attending management meetings through to chiring conferences. The Board has identified the need for a bespoke development programme and has commissioned a programme of Board development to assist it in evaluating its own performance. The Audit Committee have also undertaken an evaluation exercise which has resulted in a number of actions which will be addressed in Board development sessions. This is supplemented by regular meetings between the Chair, Board Secretary and Chief Executive to identify areas requiring further development. Furthermore, the need for specific areas for development of individual Board members and the relevance to general Board development are identified and discussed at regular performance development reviews of Board members carried out by the Chair and Chief Executive. During 2013/14 these discussions informed a series of informal Board meetings and away days, which provided an opportunity to

address development needs and to reflect on the Board and organisation's strategic direction and performance since it was established in 2009.

In early 2013 the Board participated in a workshop where they discussed the recommendations from the Mid Staffordshire NHS Foundation Trust Public Inquiry (Francis report). These discussions were used to inform the staff engagement events which are mentioned earlier in this document in section 2. The Board continued these discussions throughout 2013/14 and reflected on their performance and effectiveness as a group and individually. The Wales Audit Office and Healthcare Inspectorate Wales report into governance arrangements at Betsi Cadwaladr Health Board was also considered by the Board. The Board reflected on the findings from the report and undertook a piece of work to assure themselves of the governance arrangements in Public Health Wales. As part of this reflection, the Board concluded that they are confident that Public Health Wales has indeed been proactive in adopting an enduring review and strengthening of its governance and scrutiny arrangements in response to the report into Betsi Cadwaladr Health Board. The assessment was submitted to David Sissling, Director General Directorate for Health and Social Services, Welsh Government and Chief Executive NHS Wales. Improvements have been made to the structure of Board agendas and supporting papers to ensure absolute clarity of why an item is being brought to the Board and whether it is for decision, scrutiny or information. There was also a renewed focus on Board development, as mentioned earlier in this document. Having undertaken the exercise above, the Board has satisfied itself that the quality of information and data received at Board meetings is acceptable. An independent consultant from the Good Governance Institute attended the Board meeting on 30 January 2014 to provide feedback on the quality and level of information and data received by the Board. This provided a basis for the rapid review which has been commissioned.

7 Integrated medium term plan

Public Health Wales has developed an integrated medium term plan, which supports the aims and policies of the Welsh Government and fits within the *NHS Wales Planning Framework*. The plan guides the delivery of our [strategy](#) and the achievement of a healthier, happier and fairer Wales through our three commitments *improve health and wellbeing and reduce health inequalities; improve the quality, equity and effectiveness of healthcare services; and protect people from infectious and environmental hazards*. It demonstrates financial balance and covers a three year period from 2014/15 to 2016/17. The plan was approved by the Public Health Wales Board in March 2014 and submitted to the Welsh Government for consideration and comment. Following feedback from the Welsh Government a one year, more detailed, plan will be submitted by 30 June 2014.

The plan sets out where we have come from; where we are now; where we want to go; and how we will get there.

This plan is our first under the 2013 NHS Wales Planning Framework. It is also the first under our refreshed strategy.

In early 2013, we started the current planning cycle from first principles, by reviewing and refreshing the strategy that we had adopted following our establishment in 2009. This was because:

- we had developed as an organisation and had important new perspectives and ideas about our aims, our priorities and the best ways of contributing to them
- the environment in which we operate had changed, with new, more challenging, expectations of us
- we had grown by approximately 25%, by taking on new services and functions
- it was clear that some of the established ways of doing things were not having a big enough impact on the health of the people of Wales

Arising out of the development of our refreshed strategy, we have agreed and adopted new priorities for action. These were agreed at the end of 2013 and have informed the development of the plan.

We will review our plan annually to ensure that it continues to meet our needs and those of our partners, stakeholders and the citizens in Wales. Over the next year, we will ensure even greater alignment between our plan and the plans of stakeholders. We will do this by aligning public health priorities and actions to address and tackle them across NHS Wales and beyond.

A Quality and Delivery Framework has been developed in support of the integrated plan, which sets out a mixture of quantitative and qualitative measures to assess performance internally and externally against the organisation's strategic objectives. This has driven an improvement in performance reporting to the Board. This has also assisted a more integrated approach to finance, workforce and service planning and provides a clearer approach to demonstrating achievement of the organisation's objectives.

8 Additional Assurance Disclosures

8.1 Ministerial Directions

Whilst Ministerial Directions are received by Local Health Boards, these are not always applicable to Public Health Wales. All Ministerial Directions issued

throughout the year are listed on the Welsh Governance [website](#). During 2013/14 nine Non-Statutory Instruments were issued by the Welsh Government. Public Health Wales was only required to take action on one of these Non-Statutory Instruments 'establishment of the Emergency Ambulance Services Committee (Wales). Under this direction the Chief Executive of Public Health Wales is appointed as an associate member of the joint Committee and as such may not vote in any meetings or proceedings of the joint committee.

In addition to the above Non-Statutory Instruments Public Health Wales receives letters from the Minister where we are required to take action. Any letters which are received are reported at each Board meeting in the Board Secretary's Governance report, with further information on what action has been taken in response to the letter.

8.2 1000 Lives Plus

The organisation engages with the 1000 Lives Plus programme, and the Board promotes use of methodologies for improvement, and is aware of improvements made and barriers to extending it.

On 1 April 2013 staff from the National Leadership and Innovation Agency for Healthcare (NLI AH) service improvement unit transferred into Public Health Wales. These staff, along with the staff working in the 1000 Lives Plus team in Public Health Wales were brought together to form the 1000 Lives Improvement Service. There were no significant risks identified during the transition process and the staff are now embedded within the organisation.

Improving Quality Together (IQT) was launched by the Chief Medical Officer for Wales and the Chair of Public Health Wales in March 2013 and is the national quality improvement programme for NHS Wales. It provides a common and consistent approach to improving the quality of services in NHS organisations across Wales. Public Health Wales made a commitment for 25% of the workforce to be trained in IQT by 31 March 2014. Public Health Wales is pleased to note that staff have exceeded the target with a current rate of 29% of staff having completed the training. All members of the Board have also completed the training and were, in fact, the first Board in Wales to gain the bronze level stage of IQT.

8.3 Hosted Bodies

During 2013/14, Public Health Wales continued to host the Health and Wellbeing, Best Practice and Innovation Board. Public Health Wales put in place a hosting agreement which provided details of the responsibilities of Public Health Wales Board and the hosted Board. Consisting of the Chair and two staff members, the Board of the hosted body has evaluated the potential impact of innovations and developments and facilitated their adoption across the NHS, local government and the third sector in Wales. The Board of the hosting body concluded their work and published a final report on 31 March 2014.

8.4 Civil Contingencies/Business Continuity

Public Health Wales' Emergency Response Plan details the organisation's response to a wide range of incidents and threats. The plan provides an overarching framework for the organisation's response to incidents and outbreaks, including the mobilisation of additional resources.

The organisation has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the climate change Act and the Adaptation Reporting requirements are complied with. We monitor our Carbon footprint using 2013/14 as a baseline figure and we have adopted the Welsh Government initiative of ensuring sustainability is embedded in everything we do. Public Health Wales has also adopted an Accommodation Strategy that embeds sustainable development as key principles.

Key divisions within Public Health Wales, such as Screening, Health Protection and Microbiology, have established business continuity arrangements in place. As part of these arrangements, relevant staff are aware of their duties as described within the plans. The Information management and technology installed infrastructure has been tested to ensure the network is available across multiple sites in the event of local emergencies or one or more buildings suffering unforeseen problems.

8.5 Sustainability

Public Health Wales fully supports proposals detailed in various Welsh Government consultation documents to embed sustainable development as the central organising principle of public sector bodies in Wales by ensuring a clear focus on outcomes and that strategic decisions are informed by consideration of the wider determinants of health and wellbeing. Public Health Wales recognises that sustainable development and public health are intrinsically linked and that complementary and coordinated actions are necessary to address the key challenges facing Wales in relation to both.

Public Health Wales is fully engaged in the Welsh Government's development of the Future Generations Bill (previously the Sustainable Development Bill). The Bill aims to tackle the generational challenges Wales faces in a more robust, joined up and integrated way. It is expected that the Bill will place a new duty on public services in Wales to make sustainable development their central organising principle. The Bill will also set out a number of long term economic, social, and environmental wellbeing goals, many of which will link closely with work undertaken by Public Health Wales. A national conversation has been launched by the Welsh Government to involve people across Wales in exploring what are for them the most important issues in improving their lives and those of their families and communities. Public Health Wales is fully engaged in the national conversation and will be playing a key role in the development of the Bill.

8.6 Equality

A Strategic Equality Plan was adopted by the Trust Board in April 2012, with regular progress reports provided to the Board. The plan details the actions we are taking to address and improve equality related issues in all parts of the organisations. The Strategic Equality Plan also laid out an additional objective to 'embed Equalities into organisational performance and Executive and Board Decision Making'. As part of the Strategic Equality Plan, all new and revised policies and strategies are subject to an equality impact assessment (EQIA).

An equality group has been established to oversee the strategic equality plan, to ensure under-represented groups are properly considered and that measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

8.7 Staff

Public Health Wales engages staff systematically in a number of ways which are part of the checks and balances Public Health Wales undertakes to enable good governance. Formal consultative fora are well established through the Partnership Forum, Joint Medical and Dental Negotiating Group, and the Joint Negotiating Committee for Agenda for Change staff. These fora provide mechanisms which allow for feedback to senior management on organisational performance or any other issues that staff wish to raise, which aids transparency. In addition to these formal mechanisms, we have a consultation process open to all staff for all new and revised organisational policies, a staff conference, a senior management forum and a national forum, all of which are fully exploited and used to engage in conversations with staff at individual and group levels. These mechanisms are used in parallel with an open blog, a web forum and other virtual ways for staff to share their work and opinions.

In 2013/14 we have focussed strongly on improving compliance with Statutory and Mandatory training as this is a key way of ensuring staff have the appropriate knowledge and skills to enact organisational policies as well ensuring compliance with Health and Safety, Information Governance and other important legislation. At the beginning of the year compliance against statutory training was considerably low and was identified as an issue by the Quality and Safety Committee. Compliance figures have improved considerably during the year, for example Health and Safety training compliance has risen from 8 per cent compliance to 85 per cent, manual handling has risen from 33 per cent to 72 per cent and fire safety has risen from 35 per cent to 70 per cent.

Recruiting the right people is critically important especially where we are providing services directly to members of the public. 2013/14 has seen a renewed focus on selection methods, with assessment centres being adopted as the preferred method of assessment for all posts at Band 8a and above. This is a more robust method of understanding how job applicants match the competency requirements and goes beyond asking for information to testing the application of some of the competencies in practice. New procedures to check job candidates against new Vetting and Barring requirements have been developed and will be implemented in 2014/15.

Public Health Wales, 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's regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme's 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. Note 12 to the accounts provides details of the scheme, how it operates and the entitlement of employees.

9 Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems 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 following text provides examples of the review of effectiveness which has been undertaken throughout the year. In addition the assessment of compliance with the UK Corporate Governance Code at section 6 contributes to the review of effectiveness.

9.1 Internal Audit

Internal Audit provides me as Accounting Officer, and the Board through the Audit Committee, with a flow of assurance on the system 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 Committee, and is focused on significant risk areas and local improvement priorities approved by the Board.

The overall opinion by the Head of Internal Audit, NHS Wales Shared Services Partnership 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 Head of Internal Audit has concluded:

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

Reasonable assurance		<p>The Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.</p>
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In reaching this opinion the Head of Internal Audit has identified that the majority of reviews during the year concluded positively, with the only exceptions being asbestos management and the lack of progress with implementing the recommendations relating to mandatory training.

During the year internal audit issued one report with limited assurance on asbestos management. Five recommendations were made which have been accepted and an action plan is in place to address the issues raised and improve the situation across the organisation.

9.2 Counter Fraud

Cardiff and Vale Counter Fraud Service provides a service to Public Health Wales. Their work plan for 2013/14 was completed and covered all the requirements under Welsh Government Directions. The counter fraud service provides regular reports and updates to members of the Executive Team and directly to the Audit Committee. The Audit Committee received the counter fraud and corruption annual report for 2013/14 and the local counter fraud specialist provided the following declaration:

I declare that the Anti-Fraud, Bribery and Corruption work carried out during the financial year 2013/14, within the Public Health Wales NHS Trust, has been self reviewed against the NHS Protect Standards for Providers - Fraud, Bribery and Corruption/NHS Standard Contract and the rating as detailed in Appendix 4 (green for all standards) has been achieved.

9.3 External Audit – Wales Audit Office

The Auditor General for Wales is the statutory external auditor for the NHS in

Wales. The Wales Audit Office undertakes the external auditor role for Public Health Wales on behalf of the Auditor General. The Wales Audit Office completed their Structured Assessment for 2013/14 and overall they concluded that the organisation has good arrangements for governance and board assurance but work remains to strengthen some components of the governance framework. The Wales Audit Office highlighted the need for internal controls for statutory and mandatory training to improve and to review and improve the approach to identifying and recording divisional risks.

9.4 Information security



During 2013/14, Public Health Wales reported one significant data security lapse; this incident involved the misdirection of Public Health Wales data by an external data processor. The Information Commissioner found that Public Health Wales and the data processor had taken the appropriate subsequent action and decided that no further action was needed.

10 Conclusion

As Accounting Officer, I can confirm that no significant governance issues have been identified. Therefore, reasonable assurance can be given that there is a sound governance framework, designed to meet the organisation's objectives and that the framework is generally being applied consistently.

Signed: _____

Dr Tracey Cooper

RATING	INDICATOR	DEFINITION
		<p>The Board can take substantial assurance that arrangements to secure governance, risk management and internal control,</p>