

Anglesey LHB

FOREWORD

These accounts have been prepared by the Local Health Board under section 98(2) of the National Health Service Act 1977 (as amended) in the form in which the National Assembly for Wales has, with the approval of the Treasury, directed.

Statutory background

The Local Health Board was one of 22 which came into existence on 1st April 2003. As a statutory body governed by Acts of Parliament the LHB is responsible for :

- agreeing the action which is necessary to improve the health and health care of the population of Anglesey ;
- supporting and financing General Practitioner-led purchasing of the services needed to meet agreed priorities, including charter standards and guarantees;
- supporting and funding the contractor professions;
- the commissioning of health promotion, emergency planning and other regulatory tasks;
- the stewardship of resources including the financial management and monitoring of performance in critical areas;
- eliciting and responding to the views of local people and organisations and changing and developing services at a pace and in ways that they will accept.

Performance Management and Financial Results

From inception Local Health Boards in Wales must comply fully with the Treasury's Resource Accounting Manual. As a result the Income and Expenditure Account has been replaced by an Operating Cost Statement as the primary statement of in-year expenditure. Assembly funding is allocated on receipt directly to the General Fund in the Balance Sheet.

The statutory duty for Local Health Boards is enacted in the 2002 NHS Reform and Health Care Professionals Act. Net Operating Costs incurred by Local Health Boards should not exceed their allocated Resource Limit.

The primary performance measure for Local Health Boards is note 2.1 Achievement of Operational Financial Balance on page 11. This note compares net operating costs expended against Resource Limits allocated by the Assembly and measures whether operational financial balance has been achieved in year

OPERATING COST STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	Note	Total £000	2003-04 Total £000
Expenditure	4.1,4.2,4.3, 4.4	77,822	72,407
Miscellaneous income	3.1	841	770
Net operating costs	2.1	<u>76,981</u>	<u>71,637</u>

**STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2005**

	£000	£000
Unrealised surplus on revaluation / indexations of fixed assets	0	0
Net increases / reductions in General Fund due to transfers of assets	0	0
Fixed asset impairment losses	0	0
Recognised gain / (loss) for the year	<u>0</u>	<u>0</u>

Adjustments have been made to the comparative figures in respect of Assembly financing in the form of a prior period adjustment. This is not required to be disclosed in the SRGL but is detailed Note 7 Prior Period Adjustment.

BALANCE SHEET AS AT 31 MARCH 2005

	Note	£000	Restated 31 March 2004 £000
TOTAL FIXED ASSETS			
Intangible fixed assets	5.1	0	0
Tangible fixed assets	5.2	0	0
CURRENT ASSETS			
Debtors	6.1	234	89
Cash at bank and in hand		97	66
Total Current Assets		331	155
Creditors: amounts falling due within one year	6.2	5,365	5,165
Net current liabilities		(5,034)	(5,010)
Creditors: amounts falling due after more than one year	6.3	0	0
Provisions for liabilities and charges	6.4	135	64
TOTAL NET ASSETS		(5,169)	(5,074)
FINANCED BY:			
General fund	6.5	(5,169)	(5,074)
Donated Assets Reserve	6.6	0	0
Revaluation Reserve	6.7	0	0
TOTAL		(5,169)	(5,074)

Signed for and on behalf of the Board

Director of Finance Chief Executive

Date Date.....

Adopted by the Board on.....

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	£000	2003-04 £000
Net operating costs	(76,981)	(71,637)
Adjust for non-cash transactions	(62)	85
Adjust for movements in working capital other than cash	55	1,696
Utilisation of provisions	(49)	0
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Net cash outflow from operating activities	(77,037)	(69,856)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT:		
Payments to acquire tangible fixed assets	0	0
Receipts from the sale of tangible fixed assets	0	0
	<hr/>	<hr/>
Net cash inflow from investing activities	0	0
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Net cash inflow outflow before financing	(77,037)	(69,856)
FINANCING:		
Net Assembly funding (including capital)	77,068	69,924
Surrender of income from sale of fixed assets	0	0
Donations	0	0
Capital element of finance lease rental payments	0	0
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Net cash inflow from financing	77,068	69,924
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Increase in cash	31	68

Notes to the cash flow statement

Adjust for movements in working capital other than cash	£000	2003-04 £000
(Increase) in debtors	(145)	(16)
Increase in creditors	200	1,712
	55	1,696

Adjustment for non-cash transactions

	£000	2003-04 £000
Depreciation and other write-offs	0	3
Impairment of fixed assets	0	25
(Profit) on disposal of fixed assets	0	0
Increase in non-cash provisions	120	64
Capital charge interest	(182)	(7)
	(62)	85

Reconciliation of net cash flow to movement in net debt

	£000
Increase in cash in the period	31
Cash inflow from new debt	0
Cash outflow from debt repaid and finance lease capital payments	0
Change in net debt resulting from cash flows	31
Non cash changes in debt	0
Net debt at 1 April 2004	66
Net debt at 31 March 2005	97

Analysis of changes in net debt

	As at 1 April 2004	Cash flows	Other changes	As at 31 March 2005
	£000	£000	£000	£000
Cash at bank and in hand	66	31	0	97
Bank overdraft	0	0	0	0
Debt due within one year	0	0	0	0
Debt due after one year	0	0	0	0
TOTAL	66	31	0	97

Notes to the Account

1. Accounting Policies

1.1 The financial statements have been prepared in accordance with the Resource Accounting Manual (RAM) issued by HM Treasury to the extent that the National Assembly for Wales (the "Assembly") has directed as being appropriate to LHB'S. There is a change accounting policy from 2003/04 as set out in Note 7 Prior Period Adjustment. The particular accounting policies adopted by the Local Health Board (LHB) are described below. They have been applied in dealing with items considered material in relation to the accounts.

These accounts have been prepared under the historical cost convention, modified by the application of current cost principles to tangible fixed assets, and in accordance with directions issued by the Assembly and approved by Treasury.

LHB's are not required to provide a reconciliation between current cost and historical cost surpluses and deficits.

1.2 Income and funding

The main source of funding for the LHB is resource allocations from the Assembly within an approved cash limit, which is credited to the general fund when the associated cash is received. Income disclosed in the Operating Cost Statement reflects only the amounts other than Assembly Funding.

Miscellaneous income is income which relates directly to the operating activities of the LHB. It principally comprises fees and charges for services provided on a full cost basis to external customers, as well as public repayment work. It includes both income appropriated-in-aid of the Vote and income to the consolidated fund which HM Treasury has agreed should be treated as operating income.

Miscellaneous income is accounted for by applying the accruals convention. Income is recognised in the period in which services are provided.

1.3 Taxation

The LHB is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

1.4 Intangible fixed assets

Intangible fixed assets which can be valued, are capable of being used in a LHB's activities for more than one year and have a cost equal to or greater than £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

1.5 Tangible fixed assets

a. Capitalisation

Tangible fixed assets are capitalised if they are capable of being used for a period which exceeds one year and:

- individually have a cost equal to or greater than £5,000; or
- collectively have a cost equal to or greater than £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates; and are under single managerial control; or
- form part of the initial setting - up cost of a new building, irrespective of their individual or collective cost.

b. Valuation

Tangible fixed assets are stated at Depreciated Replacement Cost. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Land and Buildings

Land and buildings are restated at current cost using professional valuations every five years and appropriate indices in intervening years. The buildings indexation is based on the All in Tender Price Index published by the Building Cost Information Service (BICS). The land index is based on the residential building and land values reported in the Property Market Report published by the Valuation Office. Valuations are carried out by the District Valuers of the Inland Revenue Government Department at five - yearly intervals. A five - yearly revaluation was carried out as at 30 September 2003.

The valuations have been carried out primarily on the basis of Depreciated Replacement Cost for specialised operation property and Existing Use Value for non - specialised operational property.

In respect of non - operational properties, including surplus land, the valuations have been carried out at Open Market Value. The value of land for existing use purposes is assessed to Existing Use Value. Land and buildings held under finance leases are capitalised at inception at the fair value of the asset but may be subsequently revalued by the District Valuer. The valuations do not include notional directly attributable acquisition costs nor have selling costs been deducted, since they are regarded as not material.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

All adjustments arising from indexation and five - yearly revaluations are taken to the Revaluation Reserve. All impairments resulting from price changes are charged to the Statement of Recognised Gains and Losses. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for Depreciated Replacement Cost valuations.

Equipment

Equipment surplus to requirements is valued at net recoverable amount and assets held under finance leases are capitalised at the fair value of the assets. With those exceptions, equipment is valued at Depreciated Replacement Cost.

Assets in the course of construction

Assets in the course of construction are valued at current cost using the index as for land and buildings (see above). These assets include any existing land or buildings under the control of a contractor.

c. Depreciation, amortisation and impairments

Depreciation is charged on a straight - line basis on each main class of fixed asset as follows:

Freehold land and land and buildings surplus to requirements are not depreciated. Assets in the course of construction and residual interests in off - balance sheet Private Finance Initiative contract assets are not depreciated until the asset is brought into use or reverts to the LHB, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer.

Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Vehicles are depreciated over 7 years.

Intangible assets are amortised over the estimated lives of the assets.

1.6 Donated assets

Donated tangible fixed assets are capitalised at their valuation on receipt and are valued and depreciated as described above for purchased assets.

The value of donated tangible fixed assets and the donated element of part - donated assets are reflected in a donated asset reserve. This reserve is credited with the value of the original donation and any subsequent revaluation and indexation; an amount equal to the depreciation charge is released from this reserve each year to the Operating Cost Statement.

1.7 Research and development

Research and development expenditure is charged to the Operating Cost Statement in the year in which it is incurred, except insofar as it relates to a clearly defined project 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 Operating Cost Statement on a systematic basis over the period expected to benefit from the project.

1.8 Pension Costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employees, General Practices and other bodies, allowed under the direction of Secretary of State. As a consequence it is not possible for the LHB to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period. The total employer contribution payable in 2004-05 was : **£100,860.95** , 2003-04 (**£40,161.78**)

The Scheme is subject to a full valuation every four years. The last valuation took place as at 31 March 2003 and has not yet been finalised. Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which for part of the annual NHS Pension Scheme (England and Wales) Resource Account, published every October.

These accounts can be viewed on the NHS Pensions Agency website at www.nhspa.gov.uk. Copies can also be obtained from the Stationary Office.

The notional surplus of the scheme is £1.1 billion as per the last scheme valuation by the Government Actuary for the period 1 April 1994 to 31 March 1999. The conclusion of the valuation was that the scheme continues to operate on a sound financial basis.

Employer contribution rates are reviewed every four years following a scheme valuation by the Government Actuary. On advice from the Actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. At the last valuation employer contribution rates from 2003-04 we set at 14% of pensionable pay.

Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

The scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last three year's pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971 and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death a pension of 50% of the members pension is normally payable to the surviving spouse.

Early payments 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 the final year's pensionable pay for death in service, and up to five times their annual pension for death after retirement, is payable.

The scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVC's) provided by an approved panel of life companies. Under the arrangement the LHB can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

Additional pension liabilities arising from early retirements are not funded by the scheme, except where the retirement is due to ill-health.

FRS17 had been adopted from 2003/04.

1.9 Foreign currency

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions. Resulting exchange gains and losses are taken to the Operating Cost Statement.

1.10 Cost of Capital

The cost of capital applies to all the assets and liabilities of the LHB, less cash balances held at the Office of Paymaster General and donated assets. The interest rate applied to capital charges in the 2004/05 financial year was 3.5%

1.11 Provisions

The LHB provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 3.5% in real terms.

Provisions are only recognised where the transfer of economic benefit is probable and the amount of the transfer of economic benefit can reasonably be estimated.

1.12 Liquid resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The LHB does not hold any investments with maturity dates exceeding one year from the date of purchase.

1.13 Leases

Where substantially all the risks and rewards of ownership of a leased asset are borne by the LHB, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the OCS over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight line basis.

1.14 Contingent liabilities

At 31 March 2005 litigation claims with an assessed value of c £'000s had been made against the LHB.

Contingent liabilities are recognised where the LHB has:

A possible obligation arising from past events whose existence will be confirmed by the occurrence of future events not wholly within the LHB's control;

A present obligation arising from past events for which it is not probable that a transfer of economic benefits will be required to settle the obligation; or

A present obligation where the amount of the obligation cannot be measured with sufficient accuracy.

Contingent liabilities are not disclosed where the probability of them becoming liabilities is considered to be remote.

Contingent assets are disclosed where a possible asset exists as a result of past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the LHB's control.

Contingent assets are disclosed only where the future outflow of economic benefits is considered to be probable.

1.15 Deferred Income

Deferred income previously received by Health Authorities from the Assembly has been carried forward into the accounts of the LHB where relevant to the functions of the LHB and has been released to match expenditure on areas to which this income originally related. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

2.1 Achievement of Operational Financial Balance

	£000	2003-04 £000
Net operating costs for the financial year	76,981	71,637
Non-discretionary expenditure	1,414	6,532
Operating costs less non-discretionary expenditure	75,567	65,105
Revenue Resource Limit	75,574	65,315
Underspend against Revenue Resource Limit	7	210
Unplanned resource brokerage received	0	0
Operational Financial Balance	7	210

3.1 Miscellaneous income

	£000	2003-04 £000
Fees & Charges	0	0
Prescription charge income	619	653
Income for trust impairments	0	0
Deferred Income released to revenue	186	34
Other	36	83
Total	841	770

Expenditure:**4.1 Primary health care**

	Cash limited	Non cash limited	Total	2003-04 Total
	£000	£000	£000	£000
General Medical services	11,530	0	11,530	6,223
Pharmaceutical services		1,184	1,184	2,135
General Dental services	0	0	0	5
General Ophthalmic services	0	230	230	242
Other Primary health care expenditure	926	0	926	905
Prescribed drugs and appliances	10,653		10,653	12,783
TOTAL	23,109	1,414	24,523	22,293

4.2 Secondary and Community health care

	Total	2003-04 Total
	£000	£000
NHS Trusts:		
Provider 1 - North West Wales	44,353	40,935
Provider 2 - Conwy & Denbighshire	1,844	1,867
Provider 3 - North East Wales	867	747
Provider 4 - Robert Jones and Agnes Hunt Orthopaedic	656	483
Provider 5 - Southport and Ormskirk	296	296
Provider 6 - Royal Liverpool and Broadgreen	196	322
Provider 7 - S. Manchester University Hospital	134	136
Provider 8 - Liverpool Women's Hospital	69	0
Provider 9 - Aintree Hospitals NHS	30	0
Provider 10 - Cheshire and Wirral PCT	20	0
Other Welsh NHS trusts	47	58
Other non Welsh NHS trusts	82	910
Local Authorities	0	0
Voluntary Organisations	126	112
NHS Funded Nursing Care	685	185
Continuing Care	1,693	1,697
Private providers	72	89
Specific projects funded by Welsh Assembly Government	0	0
Other	11	0
TOTAL	51,181	47,837

Expenditure with Local Authorities is as follows :

Rapid Response	£54,244
Complementary Purchasing Scheme	£124,042
Continuing Care	£702,250
Free Nursing Care	£372,179

These amounts are shown in the costs shown under notes 4.1 & 4.2

4.3 Other programme expenditure

	£000	2003-04 £000
Salaries and wages	281	75
National Public Health Service	359	329
Losses, special payments and irrecoverable debts	0	216
Research and development	0	0
Other	98	58
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TOTAL	738	678

4.4 Administration expenditure

	£000	2003-04 £000
Non-officer members' remuneration	89	88
Other salaries and wages	644	615
Establishment expenses	123	145
Transport and moveable plant	2	17
Premises and fixed plant	151	159
External contractors	2	18
Auditors' remuneration - audit fee	74	76
Auditors' remuneration - other fees	0	0
Business Services Centre recharge	455	437
Interest payable- unwinding of discount	0	0
Interest payable -other	5	0
Capital - depreciation and amortisation	0	3
Capital charge interest	(182)	(7)
Impairment	0	25
Profit on disposal of fixed assets	0	0
Costs of disposal of fixed assets	0	0
Other	17	23
	<hr/>	<hr/>
TOTAL	1,380	1,599

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

	Total	2003-04 Total
	£000	£000
Clinical negligence	0	0
Personal injury	0	0
All other losses and special payments	0	0
Defence legal fees and other administrative costs	0	0
	<hr/>	<hr/>
Gross increase / decrease in provision for future payments	0	0
Contributions to Welsh Risk Pool/insurance premiums	0	216
Irrecoverable debts	0	0
Less: income received/due from Welsh Risk Pool	0	0
	<hr/>	<hr/>
Total charge	0	216
	<hr/>	<hr/>

Personal injury includes £'000 in respect of permanent injury benefits

4.6 Hire and operating lease rentals

	£000	2003-04 £000
Hire of plant and machinery	2	2
Other operating leases	35	32
TOTAL	37	34

Commitments under non-cancellable operating leases:

	Land and Buildings £000	Other Leases £000
Operating leases which expire:		
Within 1 year	0	0
Between 1 and 5 years	35	2
After 5 years	0	0

4.7 Executive Directors and staff costs

	Total £000	2003-04 Total £000
Salaries and wages	721	575
Social security costs	55	43
Employer contributions to NHSPA	117	40
Other pension costs	0	0
Agency / seconded staff	32	29
TOTAL	925	687

4.8 Board Directors' remuneration

	£000	2003-04 £000
Non-officer members' remuneration	89	88
Executive Directors' remuneration:		
basic salaries	202	149
benefits	3	2
performance related bonuses	0	0
pension contributions	28	10
Compensation for loss of office	0	0
Pensions to former directors (early retirees)	0	0
TOTAL	322	249

	£000	Chief Executive £000
Basic Salary	25	59
Benefits	0	3
Compensation for loss of office	0	0
Performance related bonuses	0	0
Pension contributions	0	8
TOTAL	25	70

Remuneration waived by directors and allowances paid in lieu:	Number	£000
Directors' remuneration waived	0	0
Allowances paid in lieu of remuneration	0	0

The basis on which performance related bonuses are calculated is as follows:

The LHB does not currently operate a performance related bonus scheme.

4.9 Average number of employees

The average number of employees during the year was:

	Permanent staff	Agency, temporary and cont- ract staff	Staff on inward second- ment	Total	2003-04
	Number	Number	Number	Number	Number
Executive Board Members	4	0	0	4	3
Other Local Health Board Staff	20	2	0	22	15
Recharged staff	1	0	0	1	0
TOTAL	25	2	0	27	18

The average number of employees is calculated as the total number of employees under contract of service in each week in the financial year divided by the number of weeks in the financial year.

Expenditure on staff benefits

	£
Nature of expenditure:	
a.	0
b.	0
c.	0
d.	0
TOTAL	0

4.10 Salary and pension entitlements of senior managers

Remuneration

Name and title	2004-05			2003-04		
	Salary £5k bands	Other Remuneration £5k bands	Benefits in Kind Rounded to nearest £100	Salary £000	Other Remuneration £000	Benefits in Kind £000
Executive directors						
Mrs L Joannou - Chief Executive	55-60	0	3	55-60	0	2
Dr M Williams - Medical Director	30-35	0	0	25-30	0	0
Mr J Hughes - Director of Finance	45-50	0	0	25-30	0	0
Mrs S Roberts - Nurse Director	35-40	0	0	35-40	0	0
Mrs A Constantine - Director of Commissioning & Performance	25-30	0	0	0	0	0
Non officer members						
Dr W Roberts - Chair	25-30	0	0	25-30	0	0
Rev H Meredydd - Vice Chair	5-10	0	0	5-10	0	0
Dr E Thomas - Non Officer Member	*	0	0	5-10	0	0
Dr H Parry - Non Officer Member	5-10	0	0	5-10	0	0
Dr J Vousden - Non Officer Member	*	0	0	5-10	0	0
Mrs B Dixon - Non Officer Member	*	0	0	5-10	0	0
Mr D J Barlow - Non Officer Member	5-10	0	0	0-5	0	0
Mr B Allport - Non Officer Member	5-10	0	0	5-10	0	0
Mrs D Barnes - Non Officer Member	5-10	0	0	5-10	0	0
Mrs P Lewis - Non-Officer Member	0	0	0	0	0	0
Mrs P Hughes - Non Officer Member	5-10	0	0	0-5	0	0
Mrs K Dignam - Non Officer Member	5-10	0	0	0-5	0	0
Prof. E Jacks - Non Officer Member	5-10	0	0	5-10	0	0
Mr B Williams - Non Officer Member	0	0	0	0	0	0
Mr H Thomas - Non Officer Member	0	0	0	0	0	0
Cllr. WJ Chorlton - Non Officer Mem.	0	0	0	0	0	0
Cllr. G Parry - Non Officer Member	0	0	0	0	0	0
Mrs J Charles - Non Officer Member	0	0	0	0	0	0
Dr S Payne - Non Officer Member	0	0	0	0	0	0
Mrs D Shaw - Non Officer Member	0	0	0	0	0	0
Ms J Reid - Associate Member	0	0	0	0	0	0
Mr M Jamieson - Associate Member	0	0	0	0	0	0
Mr M Jones - Associate Member	0	0	0	0	0	0

* above denotes consent to disclosure withheld in accordance with the Data Protection Act 1998

Benefits in kind above relate to car allowances

Mrs J Charles replaced Dr S Payne as a Non Officer Board member from 21 February 2005.

Chief Executive's salary band for 2003-04 has been restated

4.10 Salary and pension entitlements of senior managers cont'd

Pension Benefits

Name and title	Real increase in pension & related lump sum at age 60	Total accrued pension & related lump sum at age 60 at 31 Mar 2005	Cash Equivalent transfer value at 31 Mar 2005	Cash Equivalent transfer value at 31 Mar 2004	Real increase in Cash equivalent transfer value at
	£2.5k bands £000	£5k bands £000	£000	£000	£000
Executive directors					
Mrs L Joannou Chief Executive	3-3.5	40-45	120	105	13
Dr M Williams * Medical Director	*	*	*	*	*
Mr J Hughes Director of Finance	2-2.5	0-5	11	4	7
Mrs S Roberts Nurse Director	2-2.5	40-45	128	115	10
Mrs A Constantine Director of Commissioning & Performance	16-16.5	45-50	140	0	0

* above denotes consent to disclosure withheld in accordance with the Data Protection Act 1998

As Non officer members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non officer members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the institute and Faculty of Actuaries.

Real Increase in CETV – This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

4.11 Retirements due to ill-health

During 2004-05 there were no early retirements from the LHB agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £0.

4.12 Public Sector Payment Policy - Measure of Compliance

The National Assembly for Wales requires LHB's to pay non-NHS trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The target is to pay all trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later) unless other payment terms have been agreed with the supplier.

	Number	£000	2003-04 £000
NON-NHS			
Total bills paid 2004-2005	961	1,189	679
Total bills paid within target	942	1,185	647
Percentage of bills paid within target	98.0%	99.7%	95.3%

In addition, the National Assembly for Wales require LHB's to pay other NHS bodies in accordance with Government Accounting rules. The target is to pay all other NHS bodies within 30 days of receipt of goods or a valid invoice by the authority (whichever is the later) unless other payment terms have been agreed with the NHS body.

	Number	£000	2003-04 £000
NHS			
Total bills paid 2004-2005	413	49,377	46,795
Total bills paid within target	410	49,370	46,769
Percentage of bills paid within target	99.3%	100.0%	99.9%

TOTAL

Total bills paid 2004-2005	1,374	50,566	47,474
Total bills paid within target	1,352	50,555	47,416
Percentage of bills paid within target	98.4%	100.0%	99.9%

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

	£	2003-04 £
Amounts included within Interest Payable arising from claims made by small businesses under this legislation (see note 4.4).	0	0

5.1 Intangible Fixed Assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross replacement cost at 1 April 2004	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Gross replacement cost at 31 March 2005	0	0	0	0	0
Accumulated amortisation at 1 April 2004	0	0	0	0	0
Provided during the year	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated amortisation at 31 March 2005	0	0	0	0	0
Net book value at 1 April 2004	0	0	0	0	0
Net book value at 31 March 2005	0	0	0	0	0

Tangible fixed assets

5.2 Tangible assets at the balance sheet date:

Cost or valuation	Land £000	Buildings, excluding dwellings £000	Assets under construction and payments on account		Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
			Dwellings £000	£000					
At 1 April 2004	0	0	0	0	0	0	0	28	28
Indexation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated government granted	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At 31 March 2005	0	0	0	0	0	0	0	28	28
Depreciation									
At 1 April 2004	0	0	0	0	0	0	0	28	28
Indexation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated government granted	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	0	0	0
At 31 March 2005	0	0	0	0	0	0	0	28	28
Net book value									
at 1 April 2004	0	0	0	0	0	0	0	0	0
at 31 March 2005	0	0	0	0	0	0	0	0	0
Net book value of assets held under finance leases and hire purchase contracts									
Total	0	0	0	0	0	0	0	0	0
The total amount of depreciation charged in the Operating Cost Statement in respect of assets held under finance leases and hire purchase contracts:									
Total	0	0	0	0	0	0	0	0	0

Tangible Fixed Assets (continued)

The net book value of land and buildings at 31 March 2005 comprises:

	£000
Freehold	0
Long leasehold	0
Short leasehold	0
	<hr/>
	0

TOTAL

Net profit/(loss) on disposal of fixed assets

	£000
During the year the LHB disposed of fixed assets with the net book value of,	0
The gross proceeds from the sale(s) were	0
giving a net profit/(loss) on disposal of	<hr/> 0
 The LHB paid over to the National Assembly for Wales the net proceeds from disposal of and retained the costs of disposal, met of,	 0
	0

6.1 Debtors

	£000	Restated 2003-04 £000
Amounts falling due within one year:		
National Assembly for Wales	3	3
Health Commission Wales	15	0
Local Health Boards	0	0
Primary Care Trusts	0	0
NHS Trusts	2	25
Welsh Risk Pool	0	0
Capital debtors	0	0
Other debtors	64	53
Provision for irrecoverable debts	0	0
Pension Prepayments:	0	0
Prepayments and accrued income	150	8
	<hr/>	<hr/>
Sub total	234	89
	<hr/>	<hr/>
Amounts falling due after more than one year:		
National Assembly for Wales	0	0
Health Commission Wales	0	0
Local Health Boards	0	0
Primary Care Trusts	0	0
NHS Trusts	0	0
Welsh Risk Pool	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments	0	0
Prepayments and accrued income	0	0
	<hr/>	<hr/>
Sub total	0	0
	<hr/>	<hr/>
TOTAL	234	89

6.2 Creditors

	£000	2003-04 £000
Amounts falling due within one year:		
National Assembly for Wales	0	0
Health Commission Wales	0	0
Local Health Boards	23	5
NHS Trusts	232	105
Primary Care Trusts	0	0
Income tax and social security	22	23
Non-NHS creditors	1,722	4,529
Capital Creditors	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases and contracts	0	0
GPFH savings	0	0
Pensions: staff	0	0
Accruals	3,366	317
Deferred Income	0	186
	<hr/>	<hr/>
TOTAL	5,365	5,165

6.3 Creditors

	Total	2003-04 Total
Amounts falling due after more than one year:	£000	£000
Obligations under finance leases and HP contracts	0	0
NHS creditors	0	0
Assembly loans	0	0
Pensions: staff	0	0
Other	0	0
	<hr/>	<hr/>
TOTAL	0	0

6.4 Provisions for liabilities and charges

	At 1 April 2004	Structured settlement cases trans- ferred to WRP	Transfer of prov- isions to creditors	Arising during the year	Reversed unused	Utilised during the year	Unwind- ing of discount	At 31 March 2005
	£000	£000	£000	£000	£000	£000	£000	£000
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 costs.	0	0	0	0	0	0	0	0
Sub-total	0	0	0	0	0	0	0	0
Pensions	0			0	0	0	0	0
Other	64			120	0	(49)		135
Total	64	0	0	120	0	(49)	0	135

Expected timing of cash flows:

	Within 1 year £000	Between 2 and 5 years £000	After 5 years £000	Total £000
Clinical negligence	0	0	0	0
Personal injury	0	0	0	0
All other losses and special payments	0	0	0	0
Defence legal fees and other administration costs	0	0	0	0
Pensions	0	0	0	0
Other	40	95	0	135
Total	40	95	0	135

The LHB estimates that in 2005-06 it will receive £'000, and in 2006-07 and beyond £'000 from the Welsh Risk Pool in respect of the losses and special payments.

Other provisions comprise remedial work required to the LHB premises, as required under the terms of the lease (£15,000) and claims expected in respect of General Medical Services (GMS) Post Graduate Education Allowance for the period prior to the introduction of the nGMS contract (£120,000)

6.5 General fund

The movement on the General fund in the year comprised:

	£000
At 1 April 2004	10
Prior period adjustment	<u>(5,084)</u>
At 1 April 2004 as restated	(5,074)
Net operating cost for the financial year	(76,981)
Net Assembly funding (including capital)	77,068
Capital charge interest	(182)
Transfers to NHS bodies	0
Transfer to general fund of realised elements of the revaluation reserve	0
	<hr/>
Balance at 31 March 2005	<u>(5,169)</u>

6.6 Donated asset reserve

The movement on the donated asset reserve in the year comprised:

	£000
Balance at 1 April 2004	0
Additions	0
Impairments	0
Revaluation and indexation	0
Disposals and write-offs	0
Depreciation	0
	<hr/>
Balance at 31 March 2005	<u>0</u>

6.7 Revaluation reserve

The movement on the revaluation reserve in the year comprised:

	£000
Balance at 1 April 2004	0
Revaluation	0
Indexation	0
Transfer to general fund - realised revaluation	0
	<hr/>
Balance at 31 March 2005	<u>0</u>

6.8 Contingent liabilities -

The following contingent losses/gains have not been included in the accounts

Nature:	£000	Uncertainties affecting outcome:
Legal claims for third parties liabilities	0	
Doubtful debts	0	
Other	0	
	<hr/>	
TOTAL	0	
	<hr/>	

In March 2005 the Welsh Assembly Government published adverts in national and local papers inviting cases to be submitted for review by the NHS Ombudsman to determine whether they fall to be treated as continuing care cases and consequently to be funded by the LHB. Although further cases have been submitted to the Welsh Assembly Government and there may be further cases yet to be submitted to the Ombudsman, the LHB has no knowledge of the validity, value or extent of the claims at this time and no provision has been made for these additional claims.

6.9 Intra Government balances

	Debtors:	Debtors:	Creditors:	Creditors:
	Amounts	Amounts	Amounts	Amounts
	falling	falling	falling	falling
	due	due after	due	due after
	within	more	within	more
	one year	than one	one year	than one
	year	year	year	year
	£000	£000	£000	£000
Balances with other central government bodies	34	0	35	0
Balances with local authorities	2	0	405	0
Balances with NHS trusts and Foundation trusts	2	0	219	0
Balances with Local Health Boards	0	0	23	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	196	0	4683	0
Total at 31 March 2005	234	0	5365	0

6.10 Post balance sheet events

Post balance sheet events having a material effect on the accounts are:

1.	0
	0
2.	0
	0
TOTAL		<u>0</u>

6.11 Capital commitments

The Local Health Board has the following capital commitments:

Contracted	0
Authorised but not contracted	0
TOTAL	<u>0</u>

6.12 Related Party transactions**£000**

Total value of transactions with Board members and key senior staff in 2004-2005

0

Anglesey Local Health Board is a body corporate established by order of the National Assembly.

The Assembly is regarded as a related party. During the year Anglesey Local Health Board has had a significant number of material transactions with the Assembly and with other entities for which the Assembly, (together with the Department of Health in England) is regarded as the parent body.

NHS providers with which the LHB has had material transactions are disclosed in note 4.2 to the accounts. Transactions with the All Wales Risk Pool are outlined in note 4.5

Other related entities with which the LHB has had material transactions include:

	Income £'000	Expenditure £'000
Powys LHB	0	455

In addition, the Local Health Board has a significant number of material transactions with other Government Departments and other central and local Government bodies. The most significant of these transactions are as follows:

	Income £'000	Expenditure £'000
Anglesey C.C.	0	1,300

The following Board members are members/officers of Anglesey County Council:

Mr B Williams, Director of Housing and Social Services, Anglesey County Council

Mr H Thomas, Principal Environmental Officer, Anglesey County Council

Cllr W. John Chorlton

Cllr Goronwy O Parry

During the year there were no related party transactions with key management staff:

6.12 Related Party transactions

GP, Optometry, Dental and Pharmacy Board members received payments to their medical, optical, dental or pharmacy practices from the LHB. These transactions were made under normal trading conditions i.e. as arm's length transactions:

Name	Practice Name	Board Position
Dr E Thomas	Gerafon Surgery, Benllech	Non- Officer Members
Dr H Parry	Cambria Surgery, Holyhead	Non- Officer Members
Dr J Vousden	Health Centre, Beaumaris	Non- Officer Members
Mrs B Dixon	Holyhead	Non- Officer Members
Mr B Allport	Llandudno	Non- Officer Members
Mr D Barlow	Rhosneigr	Non- Officer Members

6.13 Losses and special payments

	Number of cases	Value of cases £
Personal injury	0	0
Fraud cases	7	2,788
All other losses and special payments	49	29,480
Total losses and special payments	<u>56</u>	<u>32,268</u>

Analysis of cases which exceed £100,000 and all other cases

	Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases exceeding £100,000	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Sub-total	<u>0</u>	<u>0</u>	<u>0</u>
All other cases	32,268	0	25,291
Total cases	<u>32,268</u>	<u>0</u>	<u>25,291</u>

6.14 Financial Instruments

FRS 13, 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. Due to the way that LHB's in Wales are financed, they are not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The LHB's have no power 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 LHB's in undertaking their activities.

Liquidity Risk

The LHB's income allocations and capital expenditure are financed from resources voted annually by Parliament. Therefore, they are not exposed to significant liquidity risks.

Interest-rate Risk

All the LHB's financial assets and financial liabilities carry nil or fixed rates of interest. Therefore, they are not exposed to interest-rate risk.

Foreign Currency Risk

The LHB's have negligible foreign currency income or expenditure. Therefore, they are not exposed to significant foreign currency risk.

6.15 Finance lease obligations

The future minimum lease payments under finance leases to which the Local Health Board was committed at the balance sheet date were as follows:

	£000
Within 1 year	0
Between 1 and 5 years	0
After 5 years	0
	<hr/>
Subtotal	0
	<hr/>
Less finance charges allocated to future periods	0
	<hr/>
TOTAL	0
	<hr/>

The total net obligation under finance leases can be analysed as follows:

Creditors: amounts due within one year	0
Creditors: amounts due after more than one year	0

6.16 Pooled Budgets

Anglesey LHB does not have any pooled budgets

7 Additional Information

During 2004/05 Rhondda Cynon Taff LHB acted as host to the Second Offer Commissioning Team (S.O.C.T.). Rhondda Cynon Taff LHB received funding from the Assembly to cover the running costs of the S.O.C.T. and also the healthcare related costs for patients accessing treatments under the Second Offer Scheme.

The total healthcare related costs for 2004/05 was £6.892m, which included £0.005m in relation to the treatment of patients from the Anglesey Local Health Board area.

Prior Period Adjustment (PPA)

Since their inception on 1st April 2003, LHBs have been within the Assembly's resource accounting boundary and their annual accounts should be compliant with HM Treasury's Resource Accounting manual. Under resource accounting, Assembly funding is no longer treated as "income" but as "funding", i.e. is used to facilitate expenditure, and hence should never be drawn down in advance of need. In line with this, no debtors or creditors relating to Assembly funding should exist at the year end. In 2003/04 this aspect of resource accounting was not applied to LHB accounts for funding transactions made in 2003/04 or in relation to the balances they inherited from the former Health Authorities, hence accounts included funding balances.

A PPA was therefore required in 2004/05 to write out these balances and reflect the full introduction of resource accounting. The resulting net movement in debtor/creditor balances has been taken to the General Fund in the prior period.

Details of the PPA are set out below:

	(£'000)
Reduction in Debtors	5084
Decrease in General Fund	5084

The effect of this PPA on the results of the 2003/04 accounts is to reduce the General Fund and reduce net assets by £5,084K.

The Assembly has formally directed that the PPA required to correct prior year capital charges arising from the changes in balances outlined above, should not be made as this has no overall effect on the general fund.

If such a PPA had been actioned, its effect would have been to decrease net operating costs by £144K.

7 Additional Information Cont'd

7 Additional Information Cont'd

**STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES
AS ACCOUNTABLE OFFICER OF THE LOCAL HEALTH BOARD**

The National Assembly has directed that the Chief Executive should be the Accountable Officer to the LHB. 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 Assembly.

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: 2005 Chief Executive

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF
THE ACCOUNTS**

The directors are required under the National Health Service Act 1977 to prepare accounts for each financial year. The National Assembly, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the LHB and of the income and expenditure of the LHB for that period. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies laid down by the Assembly with the approval of the Treasury.
- make judgements and estimates which are responsible and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account.

The directors confirm that they have complied with the above requirements in preparing the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the authority and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction by the Assembly.

By Order of the Board

Signed:

Chairman: Dated: 2005

Chief Executive: Dated: 2005

Director of Finance: Dated: 2005

STATEMENT ON INTERNAL CONTROL

1. Scope of Responsibility

The board is accountable for internal control. As accountable Officer and Chief Executive for this Board, I have the responsibility for maintaining a sound system of internal control that supports achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and this organisation's assets for which I am personally responsible, in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.

The performance of Anglesey Local Health Board (LHB) is held to account via the Welsh Assembly North Wales Regional Office Local Health Economy reviews.

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of 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 organisation for the year ended 31st March 2005 and up to the date of approval of the accounts, and accords with Welsh Assembly Government guidance.

3. Capacity to Handle Risk

The Risk Management Strategy sets out the responsibility and role of the Chief Executive, Executive Officers and Non-Officers in relation to Risk Management.

A fundamental tenant of the Strategy is that all managers and staff must accept that the management of risks in their services and departments is one of their key operational and day to day responsibilities.

The Director of Finance is the Board lead for the implementation of the Assurance Framework. The Medical Director has specific responsibility for the management of clinical risk and the development of clinical governance.

The LHB utilises its risk register to identify the principle risks that could potentially threaten the achievement of the organisations primary objectives.

STATEMENT ON INTERNAL CONTROL

The identification and continuous review of potential risks that threaten the achievement of the organisation's primary objectives is a standing agenda item for the Executive Management Team and all key sub groups/committees. Controls in place are designed to mitigate risk and to provide assurance that the systems in place are working effectively.

All countermeasures are critically evaluated against their effectiveness in reducing risk.

Significant work has been undertaken during 2004/05 to develop the risk register to encompass all known risks of the organisation and support the risk aware culture that is being promoted at the LHB. This has enabled risk management decision making to take place as near as is practicable to the risk source and for those that cannot be dealt with at that level to be passed upwards to the next appropriate level.

A Risk Management Committee has been established and meets on a regular basis to take forward the risk agenda and to ensure Risk Management Action Plans are developed and implemented. The Audit Committee monitors the effectiveness of the organisations risk management system.

Risk Management is included in the core induction folder . All staff are encouraged to identify any training requirements in respect of risk management, risk identification and evaluation through the LHB's appraisal system. Training requirements are then formalised within the individual staff member's personal development plan. Key staff have received training on risk management.

4. The Risk Control Framework

The risk management framework is set out in the Risk Management Strategy, which was reviewed and approved by the Board during the year. The key elements of the strategy include:

- the LHB's policy on risk management with a clear commitment to having a robust and effective system of risk management that demonstrates how seriously the LHB takes the business of risk management;
- mission Statement that identifies that risk management is everyone's business and can only be delivered through involvement of all staff, who will be fully supported by the organisation;
- objectives of Risk Management;
- designated responsibilities;
- risk management processes, that includes the identification, evaluation, analysis, risk control review and follow up;
- organisation chart and accountability arrangements; and

STATEMENT ON INTERNAL CONTROL

- Welsh Risk Management Standard Leads.

An Assurance Framework has been debated and agreed at Board level which covers the following:

- main activities of the LHB;
- identification of the risks to the achievement of objectives and targets;
- identification and examination of the systems of internal control in place to manage the risks;
- identification and examination of the review and assurance mechanisms which relate to the effectiveness of the system and internal control.

LHBs have been issued with 5 core Welsh Risk Management Standards (WRMS - Indicated with *) each with a requirement to achieve at least 75% score in 2004-05. The LHB's internal auditors verified the scores for Standards for D,E,F & I and the Welsh Risk Pool verified the scores for Standards A, B, C & G. The table below represents the results of the scores following independent scrutiny:

WRMS A*	- Risk Management Policy and Strategy	0.75
WRMS B*	- Risk Assessment & Treatment	0.81
WRMS C*	- Incident and Hazard Reporting	0.78
WRMS D	- Policies and Procedures	0.76
WRMS E*	- Governance	0.90
WRMS F*	- Financial Management	0.83
WRMS G	- Safe Provision of Primary Care	0.74
WRMS I	- Records Management	0.70

As can be seen, the LHB either met or exceeded the target score for 2004-05.

The LHB, through the Risk Management Group will establish and monitor progress towards improving the scores for 2005-06.

In addition to the above there are a number of other mechanisms that contribute to the LHB's risk management framework and to incorporate the assurance framework. These include:

- risk register;
- education and training;
- policies approval and ratification;
- risk assessment in built with all new projects; and
- management has access to incidents in their own area of responsibility and evidence is requested to confirm that risk is being discussed and communicated at all levels.

STATEMENT ON INTERNAL CONTROL

5. Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness 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 the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In maintaining and reviewing the effectiveness of internal control the following have played key roles:

- The Board's role is to provide active leadership of the LHB within a framework of prudent and effective controls that enable risk to be assessed and managed;
- The Audit Committee, as part of an integrated committee structure, is pivotal in advising the board on the effectiveness of the system of internal control.
- The Risk Management Group and Clinical Governance Committee are key components by which I am able to assess the effectiveness and assure the Board of clinical risk and risk management generally;
- Internal Audit provides quarterly reports to the Audit Committee and full reports to the Director of Finance and Line Management. The Audit Committee also receives details of actions that remain outstanding following any follow up of previous audit work. The Director of Finance also meets with the Audit Manager; and
- Other explicit review/assurance mechanisms include the Welsh Risk Management Standards self assessment process, which is then subjected to independent validation of the assessment;

Any significant internal control issues would be reported to the Board via the Audit Committee.

There has been no significant internal control issues identified during 2004/05

Signed:.....
Chief Executive
(on behalf of board)

Date:.....

ACCOUNT OF - 2004-2005

SCHEDULE 1

APPLICATION OF THE ACCOUNTING AND DISCLOSURE REQUIREMENTS OF THE COMPANIES ACT AND ACCOUNTING STANDARDS

Companies Act

1. The disclosure exemptions permitted by the Companies Act shall not apply to the NHS unless specifically approved by the Treasury.
2. The Companies Act requires certain information to be disclosed in the Director's Report. To the extent that it is appropriate, the information relating to NHS bodies shall be contained in the foreword.
3. The operating cost statement, balance sheet and cashflow statement shall have regard to the format prescribed in the Resource Accounting Manual.
5. NHS bodies are not required to provide the historical cost information described in paragraph (33) of Schedule 4 to the Companies Act.

Accounting Standards

6. NHS bodies are not required to include a note showing historical cost profits and losses as described in FRS 3.

SCHEDULE 2

ADDITIONAL REQUIREMENTS

1. The foreword shall include a statement that the account has been prepared to comply with a Direction given by the National Assembly for Wales in accordance with section 98(2) of the NHS Act 1977.
2. The foreword shall also contain a description of the statutory background and main functions of the LHB together with a fair review of their operational and financial activities and a summary of their performance against targets.

MISCELLANEOUS

1. The direction shall be reproduced as an appendix to the published accounts.
2. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.
3. Notes providing further explanations of figures in the accounts shall be made where it is considered appropriate for a proper understanding of the accounts.

Signed by the authority of the National Assembly of Wales

Signed : Christine Daws

Dated :

Anglesey Local Health Board

The Certificate and Report of the Auditor General for Wales to the Members of the National Assembly for Wales

I certify that I have audited the financial statements on pages 2 to 38 under Section 61 of the Public Audit (Wales) Act 2004. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 6 to 10.

Respective responsibilities of Directors, the Chief Executive and Auditor

As described on page 40 the Directors and the Chief Executive are responsible for the preparation of the financial statements in accordance with Section 98(2) of the National Health Service Act 1977 and National Assembly for Wales directions made thereunder and for ensuring the regularity of financial transactions. The Directors and the Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the National Health Service Act 1977 and National Assembly for Wales directions made thereunder, and whether 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 41 to 44 reflects the Board's compliance with the Treasury and Assembly's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Treasury and the Assembly or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, 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. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of Anglesey Local Health Board as at 31 March 2005 and of its net operating costs, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the National Health Service Act 1977 and directions made thereunder by the National Assembly for Wales; and
- 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.

I have no observations to make on these financial statements.

Jeremy Colman
Auditor General for Wales
1 August 2005

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