

Carmarthenshire 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 [Carmarthenshire](#);
- 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 As a result the Income and Expenditure Account has been replaced by an Operating Cost Statement as the primary statement of in-year expenditure.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	203,417	186,115
Miscellaneous income	3.1	3,473	2,116
Net operating costs		<u>199,944</u>	<u>183,999</u>

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

	£000	Restated £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 funding in both the Balance Sheet and General Fund in the form of prior period adjustment.

No prior period adjustment has been made in respect of the operating cost statement, cash flow statement or SRGL.

Full details of the adjustments made are set out in 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	43	2
CURRENT ASSETS			
Debtors	6.1	1,140	526
Cash at bank and in hand		222	71
Total Current Assets		1,362	597
Creditors: amounts falling due within one year	6.2	11,480	11,648
Net current assets / (liabilities)		(10,118)	(11,051)
Creditors: amounts falling due after more than one year	6.3	622	622
Provisions for liabilities and charges	6.4	158	308
TOTAL NET ASSETS		(10,855)	(11,979)
FINANCED BY:			
General fund	6.5	(10,855)	(11,979)
Donated Assets Reserve	6.6	0	0
Revaluation Reserve	6.7	0	0
TOTAL		(10,855)	(11,979)

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	(199,944)	(183,999)
Adjust for non-cash transactions	(239)	391
Adjust for movements in working capital other than cash	(782)	1,199
Utilisation of provisions	(308)	(82)
	<hr/>	<hr/>
Net cash outflow from operating activities	(201,273)	(182,491)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT:		
Payments to acquire fixed assets	(42)	0
Receipts from the sale of fixed assets	0	0
	<hr/>	<hr/>
Net cash inflow / (outflow) from investing activities	(42)	0
Net cash inflow / (outflow) before financing	(201,315)	(182,491)
FINANCING:		
Net Assembly funding (including capital)	201,466	182,535
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 / (outflow) from financing	201,466	182,535
Increase / (decrease) in cash	151	44

Notes to the cash flow statement

Adjust for movements in working capital other than cash	£000	2003-04 £000
(Increase)/decrease in debtors	(614)	25
Increase/(decrease) in creditors	(168)	1,193
	<u>(782)</u>	<u>1,218</u>

Adjustment for non-cash transactions

	£000	2003-04 £000
Depreciation and other write-offs	1	1
Impairment of fixed assets	0	0
(Profit) / Loss on disposal of fixed assets	0	0
Non-cash provisions	158	390
Capital charge interest	(398)	0
	<u>(239)</u>	<u>391</u>

Reconciliation of net cash flow to movement in net debt

	£000
Increase/(decrease) in cash in the period	151
Cash inflow from new debt	0
Cash outflow from debt repaid and finance lease capital payments	<u>0</u>
Change in net debt resulting from cash flows	151
Non cash changes in debt	0
Net debt at 1 April 2004	(551)
Net debt at 31 March 2005	<u>(400)</u>

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	71	151	0	222
Bank overdraft	0	0	0	0
Debt due within one year	0	0	0	0
Debt due after one year	(622)	0	0	(622)
TOTAL	<u>(551)</u>	<u>151</u>	<u>0</u>	<u>(400)</u>

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 has directed as being appropriate to LHBs. Under Resource accounting the treatment of debtors and creditors for Assembly funding was incorrectly applied for the year ended 31 March 2004, and for inherited LHB balances. This has been addressed for 2004/2005, and the impact of this change in accounting policy has been corrected 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 National Assembly for Wales (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.

Operating 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.

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 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

transactions

- 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 costs (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 (BCIS). 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 operational 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.

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

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 : £157558 , (2003-04 : £52,742)

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. It was recommended that employers' contributions remain at 7% of pensionable pay until 31 March 2003 and then be increased to 14% of pensionable pay with effect from 1 April 2003.

The Scheme is subject to a full valuation every four years. The last valuation took place as at 31 March 2003. 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 forms 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.

NHS bodies are directed by the National Assembly to charge employers pension costs contributions to operating expenses as and when they become due. Employer contribution rates are reviewed every four years following a scheme valuation carried out 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 were set at 14% (7% for 2002-03) of pensionable pay. Until 2002-03 HM Treasury paid the Retail Price Indexation costs of the NHS Pension scheme direct but as part of the Spending Review Settlement, these costs have been devolved in full.

For 2004-05 the additional funding has been retained as a Central Budget by the Department of Health and has been paid direct to the NHS Pensions Agency and the employers' contribution has remained at 7%. From 2004-05 this funding will be devolved in full to NHS Pension Scheme employers and the employers' contribution rate will rise to 14%. 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 years 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, which except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Operating Cost Statement at the time the LHB commits itself to the retirement, regardless of the method of payment.

FRS17 had been fully adopted from 2003/04.

Up to 31 March 2002, the additional liabilities arising from early retirements not funded by the scheme, which took place prior to 6 March 1995, were recharged to the Health Authority and included within operating expenses as they arose. For post 5 March 1995 early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Operating Cost Statement at the time the LHB commits itself to the retirement, regardless of the method of payment.

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 OPG 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 date 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.

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 OCS on a straight line basis.

1.14 Contingent liabilities

At 31 March 2005 litigation claims with an assessed value of £180,000 had been made against the LHB. These claims are disputed and until they are resolved, it is not possible to determine the LHB's liability, if any.

1.15 Deferred Income

Income received from the National Assembly from Wales has been carried forward from health authorities into LHB's in accordance with WHC 2003 (115). No deferred allocations are allowed in year unless the funds have been received from non-governmental bodies.

2.1 Achievement of Operational Financial Balance

	£000	2003-04 £000
Net operating costs for the financial year	199,944	183,999
Non-discretionary expenditure	5,409	16,373
Operating costs less non-discretionary expenditure	194,535	167,626
Revenue Resource Limit	194,543	167,648
Under / (over) spend against Revenue Resource Limit	8	22
Unplanned resource brokerage received	0	0
Operational Financial Balance	8	22

Please explain below if operational balance has not been reached and any details of Strategic Change Efficiency Plans (SCEP)

The LHB inherited an underlying financial deficit on its establishment on 1st April 2003.

The LHB produced a Strategic Change and Efficiency Plan (SCEP) to address the financial deficit. This was approved by the Welsh Assembly Government and included additional financial support during 2004/05 of £0.6m.

Due to the improvement in the LHB's financial position during the year, financial support of only £150,000 was required.

Taking into account the planned additional resource limit of £150,000 the LHB has achieved operational financial balance and remained within its revenue resource limit for the 2004/05 financial year.

The additional resource limit will need to be recovered through future resource limit reductions by the 31st March 2009.

3.1 Miscellaneous income

	£000	Restated 2003-04 £000
Fees & Charges	0	0
Prescription charge income	1,297	1,375
Income for trust impairments	0	0
Deferred Income brought forward	1,196	195
Other	<u>980</u>	<u>546</u>
Total	<u>3,473</u>	<u>2,116</u>

Other Income

Of the £980,000 some £450,000 relates to the GP Registrar Scheme, £245,000 for the All Wales Low Vision Scheme , and £226,000 for Dental Anaesthesia.

Expenditure:**4.1 Primary health care**

	Cash limited	Non cash limited	Total	2003-04 Total
	£000	£000	£000	£000
General Medical services	19,898	0	19,898	15,975
Pharmaceutical services		4,083	4,083	4,970
General Dental services	0	37	37	39
General Ophthalmic services	0	1,289	1,289	1,214
Other Primary health care expenditure	1,666	0	1,666	1,035
Prescribed drugs and appliances	33,498		33,498	31,400
TOTAL	55,062	5,409	60,471	54,633

4.2 Secondary and Community health care

	Total £000	2003-04 Total £000
NHS Trusts:		
Provider 1 - Carmarthen	92,839	88,043
Provider 2 - Pembs & Derwen	15,556	13,920
Provider 3 - Swansea	11,647	12,573
Provider 4 - Cardiff & the Vale	1,347	1,145
Provider 5 - Ceredigion	448	390
Provider 6 - Bro Morgannwg	258	150
Provider 7 - Powys Trust	146	128
Provider 8 - Tees & N E Yorkshire	144	138
Provider 9 - Northgate & Prudhoe	140	0
Provider 10 - Gwent	132	113
Other Welsh NHS trusts	366	215
Other non Welsh NHS trusts	393	681
Local Authorities	2,678	944
Voluntary Organisations	288	274
NHS Funded Nursing Care	2,307	666
Continuing Care	8,207	6,819
Private providers	2,260	1,142
Specific projects funded by Welsh Assembly Government	0	0
Other	115	168
TOTAL	139,271	127,509
Expenditure with Local Authorities is as follows :		
Home Care Packages	447	0
Cost per Case Agreements	144	279
Section 28a/ YBwthyn	240	217
Emergency Pressures	246	245
Townsend	6	25
Delayed Transfers of Care (DToC)	444	175
Patient & Public Involvement	7	3
Home care Placements	944	0
Step Up Step Down Facilities	200	0
TOTAL	2,678	944

4.3 Other programme expenditure

	£000	2003-04 £000
Salaries and wages	311	286
National Public Health Service	897	825
Losses, special payments and irrecoverable debts	13	573
Research and development	0	0
Other	2	9
	<hr/>	<hr/>
TOTAL	1,223	1,693

4.4 Administration expenditure

	£000	2003-04 £000
Non-officer members' remuneration	88	85
Other salaries and wages	919	750
Establishment expenses	239	146
Transport and moveable plant	0	0
Premises and fixed plant	319	114
External contractors	53	46
Auditors' remuneration - audit fee	77	67
Auditors' remuneration - other fees	0	0
Business Services Centre recharge	1,141	1,096
Interest payable- unwinding of discount	0	0
Interest payable -other	0	0
Capital - depreciation and amortisation	1	1
Capital charge interest	(398)	(30)
Impairment	0	0
(Profit) / loss on disposal of fixed assets	0	0
Costs of disposal of fixed assets	0	0
Other	13	5
	<hr/>	<hr/>
TOTAL	2,452	2,280

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

	Total	2003-04
	£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	540
Irrecoverable debts	13	33
Less: income received/due from Welsh Risk Pool	0	0
	<hr/>	<hr/>
Total charge	13	573
	<hr/>	<hr/>

Personal injury includes £0 in respect of permanent injury benefits

4.6 Hire and operating lease rentals

	£000	2003-04 £000
Hire of plant and machinery	0	0
Other operating leases	27	5
TOTAL	27	5

Commitments under non-cancellable operating leases:

	Land and Buildings £000	Other Leases £000
Operating leases which expire:		
Within 1 year	0	12
Between 1 and 5 years	0	15
After 5 years	0	0

4.7 Executive Directors and staff costs

	Total £000	2003-04 Total £000
Salaries and wages	951	791
Social security costs	104	72
Employer contributions to NHSPA	159	53
Other pension costs	0	0
Agency / seconded staff	16	117
TOTAL	1,230	1,033

4.8 Board Directors' remuneration

	£000	2003-04 £000
Non-officer members' remuneration	89	89
Executive Directors' remuneration:		
basic salaries	308	290
benefits	6	6
performance related bonuses	0	0
pension contributions	37	18
Compensation for loss of office	0	0
Pensions to former directors (early retirees)	0	0
TOTAL	440	403

	Chief Chairman £000	Executive £000
Basic Salary	30	84
Benefits	0	0
Compensation for loss of office	0	0
Performance related bonuses	0	0
Pension contributions	0	12
TOTAL	30	96

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:

4.9 Average number of employees

The average number of employees during the year was:

	Permanent staff Number	Agency, temporary and cont- ract staff Number	Staff on inward second- ment Number	Total Number	2003-04 Number
Executive Board Members	4	0	0	4	4
Other Local Health Board Staff	38	3	0	41	19
Recharged staff	0	2	0	2	3
TOTAL	42	5	0	47	26

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. Leased Car	4
b.	0
c.	0
d.	0
TOTAL	4

4.10 Salary and pension entitlements of senior managers

Remuneration

Name and title	2004-05	Other	Benefits in	2003-04	Other	Benefits in
	Salary Remuneration £5k bands	Remuneration £5k bands	Kind Rounded to nearest £100	Salary Remuneration	Remuneration	Kind
	£000	£000	£00	£000	£000	£000
Executive directors						
Mr Alan Brace - Chief Executive partial consent to disclosure	80- 85	0	0	80- 85	0	0
Mr Glyn Jones - Director of Finance	65- 70	0	0	60- 65	0	0
** Mrs Karen Preece - Director of Service Development £	0	0	0	0	0	0
*Consent to disclosure not received						
* Mr Gareth Morgan - Acting Director of Service Develop partial consent to disclosure	5 - 10	0	0	5 - 10	0	0
Ms Jill Paterson - Nursing Director	0	0	0	0	0	0
*Consent to disclosure withheld						
Dr Terry Davies - Medical Director	0	0	0	0	0	0
*Consent to disclosure not received						
Non officer members						
Dr Mark Vaughan - Chairman	0	0	0	0	0	0
Consent to disclosure not received						
Dr C L John - GP Member	5 - 10	0	0	5 - 10	0	0
Dr R Lewis - GP Member	0	0	0	0	0	0
Consent to disclosure not received						
Dr A Scourfield - GP Member	0	0	0	0	0	0
Consent to disclosure not received						
Dr Michael Thomas - Local Public Health Director	0	0	0	0	0	0
Consent to disclosure withheld						
Cllr Kevin Madge - Local Authority +	0	0	0	0	0	0
Consent to disclosure not received						
Mr Bruce McLeron- Local Authority +	0	0	0	0	0	0
Consent to disclosure not received						
Mr Chris Burn - Local Authority +	0	0	0	0	0	0
Consent to disclosure not received						
Mary Thomas - Local Authority +	0	0	0	0	0	0
C J James - Pharmacist Member	0	0	0	0	0	0
Consent to disclosure not received						
Mr Paul Harries - Optometrist	0	0	0	0	0	0
Consent to disclosure not received						
Mr Edward Lloyd Jones - Dentist	5 - 10	0	0	5 - 10	0	0
Mr Jon Pearson - Therapy	0	0	0	0	0	0
Consent to disclosure not received						
Vacant - Nurse Member	0	0	0	0	0	0
Mrs Jane Jeffs- Lay Member	0	0	0	0	0	0
Consent to disclosure not received						
Mrs Deris Williams - Voluntary Sector	0	0	0	0	0	0
Consent to disclosure not received						
Mrs Janet Knott - Voluntary Sector		0	0	0	0	0
Mr Kenneth John Jones - Carer	0	0	0	0	0	0
Consent to disclosure not received						
.....	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
.....	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

Where more than one individual occupied the same post over the year details must be disclosed here
 Details of benefit in kind must be disclosed below:

- Associate Members comprised
- Chief Executive, Carmarthenshire NHS Trust
- Medical Director, Carmarthenshire NHS Trust
- Trade Union Representative
- Community Health Council Representative

Notes:

- * Acting from 31 January 2005
 - ** Until 31 January 2005
 - *** None of the Associate Members received remuneration or expenses from the LHB.
 - + Local Authority Representatives do not receive remuneration.
- The Executive Directors above are all members of the NHS Pension Scheme, which is a contributory "final salary" scheme.
 The NHS scheme requires that employees pay 6% of their earnings into a pension scheme, with the employer contributing 14% (The employers contribution to the NHS Pension scheme is included in the salary figures shown above for Executive Directors)
 Pension payable is determined by the number of years of pensionable service and is related to the level of earnings/final salary at the time of retirement.
 In relation to non Executive Directors only GP and Dental members are eligible to join the NHS Pension scheme.

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					
Alan Brace	0	86	271	242	23
Glyn Jones	0	51	135	116	16
.....	0	0	0	0	0
.....	0	0	0	0	0
.....	0	0	0	0	0
.....	0	0	0	0	0

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.

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	10,945	22,058	22,473
Total bills paid within target	10,571	21,020	21,941
Percentage of bills paid within target	96.6%	95.3%	97.6%

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	720	125,370	105,611
Total bills paid within target	652	124,900	105,370
Percentage of bills paid within target	90.6%	99.6%	99.8%

TOTAL			
Total bills paid 2004-2005	11,665	147,428	128,084
Total bills paid within target	11,223	145,920	127,311
Percentage of bills paid within target	96.2%	99.0%	99.4%

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	Buildings, excluding Land		Assets under construction and payments on account		Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000					
At 1 April 2004	0	0	0	0	0	0	0	7	7
Indexation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	42	42
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	49	49
Depreciation									
At 1 April 2004	0	0	0	0	0	0	0	5	5
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	1	1
At 31 March 2005	0	0	0	0	0	0	0	6	6
Net book value									
at 1 April 2004	0	0	0	0	0	0	0	2	2
Net book value									
at 31 March 2005	0	0	0	0	0	0	0	43	43
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	283	32
Health Commission Wales	0	0
Local Health Boards	122	52
Primary Care Trusts	0	0
NHS Trusts	160	60
Welsh Risk Pool	0	0
Capital debtors	0	0
Other debtors	389	403
Provision for irrecoverable debts	(45)	(33)
Pension Prepayments:	0	0
Prepayments and accrued income	231	12
	<hr/>	<hr/>
Sub total	1,140	526
	<hr/>	<hr/>
Amounts falling due after more than one year:	£000	£000
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	1,140	526

6.2 Creditors

	£000	Restated 2003-04 £000
Amounts falling due within one year:		
National Assembly for Wales	0	0
Health Commission Wales	0	0
Local Health Boards	33	51
NHS Trusts	260	577
Primary Care Trusts	0	0
Income tax and social security	0	26
Non-NHS creditors	820	924
Capital Creditors	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases and contracts	0	0
GPFH savings	23	45
Pensions: staff	0	0
Accruals	10,334	8,829
Deferred Income	10	1,196
	<hr/>	<hr/>
TOTAL	11,480	11,648

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	622	622
Pensions: staff	0	0
Other	0	0
	<hr/>	<hr/>
TOTAL	622	622

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
Sub-total	0	0	0	0	0	0	0	0
Pensions	0				0	0	0	0
Other	308			158	0	(308)		158
Total	308	0	0	158	0	(308)	0	158

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	158	0	0	158
Total	158	0	0	158

The LHB estimates that in 2005-06 it will receive £0, and in 2006-07 and beyond £0 from the Welsh Risk Pool in respect of the losses and special payments.

The above provisions relate to Continuing Care cases that are due for review by the Ombusman and the LHB and provisions in respect of General Medical Services.

The LHB also has Contingent Liabilities of £180,000 for Continuing Care, further details are to be found in Note 7

6.5 General fund

The movement on the General fund in the year comprised:

	£000
At 1 April 2004	(1,394)
Prior period adjustment	(10,585)
At 1 April 2004 as restated	(11,979)
Net operating cost for the financial year	(199,944)
Net Assembly funding (including capital)	201,466
Capital charge interest	(398)
Transfers to NHS bodies	0
Transfer to general fund of realised elements of the revaluation reserve	0
	<hr/>
Balance at 31 March 2005	(10,855)

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	0

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	0

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	180	
	<hr/>	
TOTAL	180	

This figure relate to the Coughlan review process - wherby patients / their representatives are challenging the NHS for not providing free continuing care funding when the individual deemed they were eligible for such funding.

see Note 7

6.9 Intra Government balances

	Debtors: Amounts falling due within one year £000	Debtors: Amounts falling due after more than one year £000	Creditors: Amounts falling due within one year £000	Creditors: Amounts falling due after more than one year £000
Balances with other central government bodies	283	0	0	622
Balances with local authorities	46	0	2	0
Balances with NHS trusts and Foundation trusts	160	0	260	0
Balances with Local Health Boards	122	0	33	0
Balances with public corporations and trading funds	8	0	2	0
Balances with bodies external to government	521	0	11183	0
Total at 31 March 2005	1140	0	11480	622

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

Carmarthenshire LHB is a body corporate established by order of the National Assembly.

The Assembly is regarded as a related party. During the year Carmarthenshire LHB has had a significant number of material transactions with the Assembly and with other entities for which the Assembly is regarded as the parent body namely,

NHS Trusts with which the LHB commissions healthcare , in particular those scheduled in Note 4.2 of the accounts & Velindre NHS Trust

Powys LHB , which operates the Business Services Centre on behalf of LHBs in Wales

Ceredigion , Pembrokeshire, Powys & Swansea LHBs , where the financial transactions relate

to the funding for patients registered with a General Practitioner within the boundary of one LHB but reside within the Boundary of the other.

In addition , the LHB has a significant number of material transactions with other Government departments , and other Central and Local Government bodies. Most of these transactions have been with the Carmarthenshire County Council.

6.12 Related Party transactions

The LHB also has a number of transactions with other LHBs and NHS Trusts in the normal course of the LHBs activities where the transactions are not material.

During the year , the following board members were key members/ partners of organisations involved in material transactions with the Carmarthenshire LHB

Dr Mark Vaughan , Principal ,Avenue Villa Surgery, Llanelli

Dr Terry Davies, Principal , Meddygfa Teilo , Llandeilo

Dr Alan Scourfeild, Principal , Coalbrook Surgery , Pontyberem

Dr Chris John , Principal , Furance House Surgery, Carmarthen

Dr Rob Lewis , Principal , Meddygfa Teilo, Llandeilo

Mr Paul Harries , Optometrist , Carmarthen

Mr Edward Lloyd Jones , Dentist , Llanelli

Mr Chris James , Pharmacist , Carmarthen

Ms Meryl Gravelle, Leader Carmarthenshire County Council

Ms Pam Edmunds Councillor , Carmarthenshire County Council

Mr Nigel Evans ,Councillor , Carmarthenshire County Council

Mr Bruce Mc Leron , Director of Social Care and Housing Carmarthenshire County Council

Mr Paul Barnett (Associate Board Member) Chief Executive , Carmarthenshire NHS Trust

Dr Peter Thomas (Associate Board Member) Medical Director , Carmarthenshire NHS Trust

Cllr Kevin Madge Carmarthenshire County Council

Cllr Mary Thomas , Carmarthenshire County Council

Chris Burns , Assistant C.E.O , Carmarthenshire County Council

Ian McKechnie, Director of Mental Health Pembs Derwen Trust

Martin Morris CHC

6.13 Losses and special payments

	Number of cases	Value of cases £
Personal injury	0	0
Fraud cases	0	0
All other losses and special payments	73	94,457
Total losses and special payments	73	94,457

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
Sub-total	0	0	0
All other cases	0	0	0
Total cases	0	0	0

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

Where Local Health Boards are part of a project financed by a pooled budget, they should include details in this note. The Local Health Board should disclose its contribution to the pooled budget, a description of the project and the total annual expenditure. A memorandum account of the fund should also be disclosed. The account must be prepared by 31 May 2005 at the latest so that auditors appointed by the Public Audit Wales can complete their audit by 30 June 2005.

7 Additional Information

PRIOR YEAR ADJUSTMENTS PPA

Since their inception on the 1st of 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', and, no debtors or creditors relating to Assembly funding should exist at 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 the accounts in 2003/04 incorrectly included such 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 have been taken to the General Fund in the prior period.

Details of the PPA are set out below:

	(£'000)
Reduction in Debtors	10585
Reduction in Creditors	
Decrease in General Fund	10585

The effect of this PPA on the results of the 2003/04 accounts is to reduce the General Fund and reduce net assets by £10585352

SECOND OFFER COMMISSIONING TEAM

During 2004/2005 Rhondda Cynon Taff acted as host to the Second Offer Commissioning Team (S.O.C.T)

Rhondda Cynon Taff 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 2004/2005 was £6.982m, which included £247000 in relation to the treatment of patients from the Carmarthenshire Health Board area.

ALL WALES LOW VISION SCHEME

The Carmarthenshire LHB is host to the Welsh Assembly Government All Wales Low Vision Scheme. The LHB received funding from the Welsh Assembly Government to administer the scheme, reimburse suppliers for the provision of visual aids and make payments to optometrists accredited to provide this service to patients.

The total cost of the scheme and funding received in 2004/2005 was £245000

7 Additional Information Cont'd

CONTINGENT LIABILITIES -Coughlan Review

The LHB is currently reviewing cases whereby individuals or their representatives believe they were entitled to, but have not received funding for NHS Continuing Care.

Although claims may be made relating to the period from April 1996, only those costs from the 1st of April 2003 fall to individual LHBs

The numbers and costs of appellants at this stage is difficult to quantify.

The LHB has estimated a contingent liability of £180000

PRESCRIPTION INCOME

Prescription charge evasion is an ongoing issue for the NHS

A Post Payment Verification Unit (PPVU) based in Velindre NHS Trust reviews on a sample basis the validity of the exemptions and follows up any cases where no valid exemption can be demonstrated.

The Auditor of Velindre Trust has reviewed the work of the PPVU and is now able to make an assessment of the potential loss of income for each LHB .

The estimated total potential loss of income for Carmarthenshire LHB is some £138,381 (£101,015 in 2003/2004)

This estimate has been given as the ' worst case scenario' basis.

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

PROFORMA 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.

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 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Welsh Assembly Government guidance.

3. Capacity to handle risk

In addition to the roles and responsibilities of the LHB Board and the Accountable Officer, responsibility for ensuring the implementation of effective systems of internal control and risk management has been delegated to the Finance Director. The Nursing Director is the lead on clinical governance issues, whilst all LHB directors and line managers have a responsibility to ensure that risk is managed effectively within their own areas of delegated responsibility.

The LHB has identified and emphasised, within its Risk Management Strategy, the importance of training, awareness and communication as part of embedding risk management within the organisation. This is a developing process which aims to build risk management into the mainstream work undertaken by all staff in the LHB.

4. The risk and control framework

The LHB's Risk Management Strategy sets out the organisational arrangements required to achieve the minimum standards identified. In addition, the Strategy sets out the LHB's approach to risk management and the importance of training and communication to successfully embed risk management in the organisation.

The LHB has completed detailed self-assessments against the core standards in place for the 2004-05 financial year. The following areas of development have taken place during the financial year:

- Implementation of the LHB's Strategic Change and Efficiency Plan (SCEP)
- Ongoing review of financial control procedures
- Review and enhancement of the clinical risk component of the LHB's risk management strategies
- Review and improvements to the LHB records management systems, including the implementation of arrangements to effectively respond to the Freedom of Information Act
- Ongoing provision of internal and external audit
- Delivery against SaFF targets and other key targets
- Ongoing staff training and development in relation to financial management, risk management and other aspects of corporate governance.

The LHB's performance against the Welsh Risk Management Standards are set out below:

Risk Management Policy and Strategy	71%
Risk Assessment and Treatment	76%
Incident and Hazard Reporting	77%
Policies and Procedures	86%
Governance	82%
Financial Management	70%
Facilitating Safe Provision of Primary Care	71%
Records Management	87%

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 Risk Committee, if appropriate) and a plan to address weaknesses and ensure continuous improvement of the system is in place.

- Standing Orders and Standing Financial Instructions are in place.
- There is a Counterfraud Policy in place.
- The Audit & Risk Committee meets every other month. Included in its role is the review of effective systems of internal control and risk management.
- There is a Terms of Service and Remuneration Committee in place.
- There is a Clinical Governance Committee, with supporting advisory structures.
- There is a budgetary control system - including performance review - in place.
- Service agreements are in place between the LHB and BSC for the provision of finance, IT, HR and contractor support services.
- Financial control procedures are in place which cover key systems.
- The Board regularly receives and reviews financial and performance reports, including specific reports on those areas which are key priorities and/or represent significant risks to the delivery of the LHB's main priorities.

6. Significant internal control problems (if applicable)

No significant internal control problems have been identified. The LHB is committed to regularly reviewing the key components of its internal controls and risk management arrangements.

Signed:.....

Date:.....

Chief Executive
(on behalf of board)

■

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

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.

8. 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 :

ACCOUNT OF - 2004-2005

THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY THE NATIONAL ASSEMBLY FOR WALES IN ACCORDANCE WITH SECTION 98(2) OF THE NATIONAL HEALTH SERVICE ACT 1977 AND WITH THE APPROVAL OF TREASURY

LOCAL HEALTH BOARDS

1. The National Assembly for Wales (NAW) directs that an account shall be prepared for the financial year ended 31 March 2005 and subsequent financial years in respect of the Local Health Boards (LHB). The basis of preparation and the form and content shall be as set out in the following paragraphs and Schedules.

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

(a) generally accepted accounting practice in the United Kingdom (UK GAAP);

(b) the accounting and disclosure requirements of the Companies Act;

(c) all relevant accounting standards issued or adopted by the Accounting Standards Board, in so far as they are appropriate to the NHS and are in force for the financial year for which the accounts are to be prepared;

(d) accounting guidance approved by the FRAB and contained in the Resource Accounting Manual, as detailed in the LHB Manual for Accounts, but specifically excluding schedules 1 and 5;

(e) the historical cost convention modified by the inclusion of fixed assets at their value to the business by reference to current costs; and stocks at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2005 and subsequent years shall comprise an operating cost statement, a balance sheet, a cash flow statement and a statement of recognised gains and losses as long as these statements are required by FRAB, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2005 and subsequent years, the account of the LHB shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, recognised gains and losses and cashflows during the year.

5. The balance sheet shall be signed by the chief executive and the director of finance of the LHB and dated.

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.
8. 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 :

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.

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 1 to 37 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 39 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/other contents of the Annual Report. 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 read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 40 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 Carmarthenshire 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

29th July 2005

Wales Audit Office
2-4 Park Grove
Cardiff CF10 3PA