



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Annual Audit Report 2012

Velindre NHS Trust

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Status of report

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This report has been prepared by Matthew Coe, David Thomas, Tracy Veale, Elaine Matthews and Gillian Gillett on behalf of the Auditor General for Wales.

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Summary report

Summary

1. This report summarises my findings from the audit work I have undertaken at Velindre NHS Trust (the Trust) during 2012.
2. The work I have done at the Trust allows me to discharge my responsibilities under the Public Audit (Wales) Act 2004 (the 2004 Act) in respect of the audit of accounts and the Trust's arrangements to secure efficiency, effectiveness and economy in its use of resources.
3. My audit work has focused on strategic priorities as well as the significant financial and operational risks facing the Trust, and which are relevant to my audit responsibilities. More detail on the specific aspects of my audit can be found in the separate reports I have issued during the year. These reports are discussed and their factual accuracy agreed with officers and presented to the Audit Committee. The reports I have issued are shown in [Appendix 1](#).
4. The key messages from my audit work are summarised under the following headings.

Audit of accounts

5. I have issued an unqualified opinion on the 2011-12 financial statements of the Trust, although in doing so I have brought several issues to the attention of officers and the Audit Committee. Whilst I recognise that the improvement in the financial accounts preparation process has continued, more consistency in working papers and greater use of analytical review would improve the process further.
6. I have also concluded that:
 - the Trust's accounts were properly prepared and materially accurate;
 - the Trust had an effective internal control environment to reduce the risks of material misstatements to the financial statements; and
 - the Trust's significant financial and accounting systems were appropriately controlled and operating as intended.
7. The Trust achieved financial balance at the end of 2011-12, after reporting savings of £2.2 million.

Arrangements for securing efficiency, effectiveness and economy in the use of resources

8. I have reviewed the Trust's arrangements for securing efficiency, effectiveness and economy in the use of its resources. My work has involved gauging progress that has been made in addressing the areas for further development identified as part of last year's Structured Assessment work. Performance audit reviews have also been undertaken on specific areas of service delivery. This work has led me to draw the following conclusions:

The Trust's overall approach to financial management is sound although it needs to improve board oversight of financial plans and develop more recurrent and sustainable savings

9. Although the Trust's overall approach to financial management is sound, it could be further improved by increasing the level of detail of financial information presented to board members to enable more effective scrutiny of the financial performance of the Trust.
10. The Trust continues to utilise non-recurring savings to achieve a balanced financial position at the end of 2012-13 but is putting measures in place to create greater long term financial sustainability.

The Trust has sound arrangements in place to support good governance and is making steady progress further refining arrangements for its board assurance framework, the provision of high quality, accessible management information and to support its compliance with information governance requirements

11. The Trust's internal control environment supports effective board assurances and the continued development of the Trust's risk management approach and the introduction of the Planning and Performance Committee will further enhance effective board scrutiny.
12. Board development sessions and the establishment of a quality measurement framework have been major drivers towards the provision of more timely and accessible management information for Board members.
13. Arrangements to ensure good quality data are in place and work is underway to assess the Trust's business continuity and disaster recovery processes including the possibility of IT systems failure.
14. Existing arrangements to ensure compliance with the Caldicott information confidentiality requirements are broadly effective but could be further enhanced by formalising the relationships between responsible individuals within a procedure.
15. The Trust has a well-managed approach to reviewing and investigating NFI data matches but improvements can be made in some areas.
16. Stakeholders generally viewed the nationally hosted IT services as fit for purpose, and although service support arrangements have been strengthened, scope still exists for further improvements.

The Trust has well-established processes to promote improvements in the use of resources and service delivery

17. The Trust has actively sought to address workforce challenges in oncology and introduce new ways of working in blood collection, and the new Workforce and Organisational Development Committee should provide improved direction and scrutiny.

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18. The Trust is highly committed to continuous engagement with patients, carers, donors and staff and recognises the need to strengthen its communications focus.
 19. The Trust is committed to further improving engagement with clinicians and is working to improve engagement, consultation and communication.
 20. The Trust has made good progress implementing the recommendations from our previous audit work with some work still ongoing in a number of areas.

The factual accuracy of this report has been agreed with the Executive Management Board

21. The factual accuracy of this report has been agreed with the Chief Executive and the Executive Management Board.
22. It was presented to the Audit Committee on 6 December 2012. It will then be presented to a subsequent Board meeting and a copy provided to every member of the Trust Board. We strongly encourage wider publication of this report by the Trust Board. Following Trust Board consideration, the report will also be made available to the public on the Wales Audit Office's own website (www.wao.gov.uk).
23. The assistance and co-operation of the Trust's staff and members during the audit is gratefully acknowledged.

Detailed report

About this report

- 24.** This Annual Audit Report to the Board members of the Trust sets out the key findings from the audit work that I have undertaken between December 2011 and November 2012.
- 25.** My work at the Trust is undertaken in response to the requirements set out in the 2004 Act. That Act requires me to:
- a)** examine and certify the accounts submitted to me by the Trust, and to lay them before the National Assembly;
 - b)** satisfy myself that the expenditure to which the accounts relate has been incurred lawfully and is in accordance with the authorities which govern it; and
 - c)** satisfy myself that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 26.** In relation to (c), I have drawn assurances or otherwise from the following sources of evidence:
- the results of audit work on the Trust's financial statements;
 - work undertaken as part of my latest Structured Assessment of the Trust, which examined the arrangements for financial management, governance and accountability, and management of resources;
 - the Trust's self-assessment against the Governance and Accountability module of the Standards for Health Services in Wales;
 - performance audit examinations undertaken at the Trust;
 - the results of the work of other external review bodies, where they are relevant to my responsibilities; and
 - other work, such as data matching exercises and certification of claims and returns.
- 27.** I have issued a number of reports to the Trust this year. The messages contained in this Annual Audit Report represent a summary of the issues presented in these more detailed reports, a list of which is included in [Appendix 1](#).
- 28.** The findings from my work are considered under the following headings:
- audit of accounts; and
 - arrangements for securing efficiency, effectiveness and economy in the use of resources.
- 29.** Finally, [Appendix 2](#) presents the latest estimate on the audit fee that I will need to charge to cover the actual costs of undertaking my work at the Trust, alongside the original fee that was set out in the Audit Outline.

Section 1: Audit of accounts

30. This section of the report summarises the findings from my audit of the Trust's financial statements for 2011-12. These statements are the means by which the organisation demonstrates its financial performance and sets out its surplus or deficit, recognised gains and losses, and cash flows. Preparation of an organisation's financial statements is an essential element in demonstrating appropriate stewardship of public money.

My responsibilities

- 31.** In examining the Trust's financial statements, I am required to give an opinion on:
- whether they give a true and fair view of the financial position of the Trust and of its income and expenditure for the period in question;
 - whether they are free from material misstatement – whether caused by fraud or by error;
 - whether they are prepared in accordance with statutory and other applicable requirements and comply with all relevant requirements for accounting presentation and disclosure;
 - whether that part of the Remuneration Report to be audited is properly prepared; and
 - the regularity of the expenditure and income.
- 32.** In giving this opinion, I have complied with my Code of Audit Practice and the International Standards on Auditing (ISAs).
- 33.** In undertaking this work, auditors have also examined the adequacy of the:
- Trust's internal control environment; and
 - financial systems for producing the financial statements.

I have issued an unqualified opinion on the 2011-12 financial statements of the Trust, although in doing so I have brought several issues to the attention of officers and the Audit Committee

The Trust's accounts were properly prepared and materially accurate but more consistency in working papers and greater use of analytical review would improve the process further

- 34.** The Trust prepared and monitored a realistic closure programme which assisted both the Trust and Wales Audit Office staff to meet the accounts closedown timetable. We were pleased to note that the Trust has continued to improve the working papers provided to support the financial statements and that quality control checks continue to improve.

35. As a result, the quality of the working papers provided and the audit trail have continued to improve on the previous year's working papers. However, greater consistency in the preparation of working papers throughout the Trust and further development of analytical review both during the year and at the year-end would further improve the process.
36. I am required by ISA 260 to report issues arising from my work to those charged with governance before I issue my audit opinion on the accounts. My Financial Audit Engagement Lead reported these issues to the Trust's Audit Committee on 31 May 2012. **Exhibit 1** summarises the key issues set out in that report.

Exhibit 1: Issues identified in the Audit of Financial Statements Report

Issue	Auditors' comments
Concerns about the qualitative aspects of your accounting practices and financial reporting.	We had some concerns about the qualitative aspects of your accounting practices and financial reporting. We found the information provided to support the financial statements was relevant and reliable and concluded that accounting policies and estimates were appropriate but found that the accounts preparation process could be further improved.
Significant difficulties encountered during the audit.	We did not encounter any significant difficulties during the audit. We received information to the majority of our queries in a timely and helpful manner and were not restricted in our work.
Significant matters discussed and corresponded upon with management which we need to report to you.	There were no significant matters discussed and corresponded upon with management which we needed to report to you.
Other matters significant to the oversight of the financial reporting process.	There were no other matters significant to the oversight of the financial reporting process that we needed to report to you.
Material weaknesses in your internal controls.	We did not identify any material weaknesses in your internal controls.

37. As part of my financial audit I also under took the following reviews:
- Whole of Government Accounts return – I concluded that the counterparty consolidation information was consistent with the financial position of the Trust at 31 March 2012 and the return was prepared in accordance with the Treasury's instructions.
 - Summary Financial Statements and Annual Report – I concluded that the summary statements were consistent with the full statements and that the Annual Report was compliant with Welsh Government guidance.

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- 38.** My separate audit of the Charitable Funds Financial Statements was undertaken in October 2012 and my opinion and any issues arising will be separately reported to Trustees.

The Trust had an effective internal control environment to reduce the risks of material misstatements to the financial statements

- 39.** I reviewed the internal controls within the Trust's key financial systems and considered the work and role of internal audit and the work of the Audit Committee. My review found that relevant internal controls had been implemented within the Trust's key financial systems, thereby forming a reliable basis for preparing the financial statements.
- 40.** I also considered the work and role of internal audit and the work of the Audit Committee which plays an active role in reviewing and strengthening the internal control environment. My review found that the work undertaken by Cardiff and Vale Internal Audit Service during the year complied with the internal auditing standards for the NHS in Wales and supported the Head of Internal Audit's annual opinion, as reported to the Audit Committee in May 2012.

The Trust's significant financial and accounting systems were appropriately controlled and operating as intended

- 41.** I did not identify any significant weaknesses within the Trust's financial systems. However, minor areas for improvement were identified during the audit and recommendations have been made to the Trust management to address these.

The Trust achieved financial balance at the end of 2011-12, after reporting savings of £2.2 million.

- 42.** The Trust achieved a retained surplus of £43,000 in 2011-12, in line with the forecast breakeven position. At the start of the 2011-12 financial year, the Trust identified a funding gap of £2.2 million which it planned to close through a programme of cost containment and financial savings. This savings programme was developed in partnership with Directorates and was closely monitored and revised during the year. Historically, savings have not been fully delivered through recurrent measures. Management recognises that this is unsustainable and the Trust is taking forward a wide range of measures, including the appointment of modernisation managers as part of its two year change programme to identify solutions to the continuing financial challenges it faces.

Section 2: Arrangements for securing efficiency, effectiveness and economy in the use of resources

- 43.** I have a statutory requirement to satisfy myself that NHS bodies have proper arrangements in place to secure efficiency, effectiveness and economy in the use of their resources. I have undertaken a range of performance audit work at the Trust over the last 12 months to help me discharge that responsibility. This work has involved:
- reviewing the Trust's financial management arrangements, including the progress being made in delivering cost saving plans and their contribution to achieving financial balance;
 - assessing the effectiveness of the Trust's governance arrangements through my Structured Assessment work with a particular emphasis on the robustness of the overall Board assurance framework and internal control environment; and
 - reviewing the arrangements for the use of resources focusing on workforce planning and stakeholder engagement as well as progress the Trust has made in addressing the issues identified by previous audit work.
- 44.** The main findings from this work are summarised under the following headings.

The Trust's overall approach to financial management is sound although it needs to improve board oversight of financial plans and develop more recurrent and sustainable savings

Although the Trust's overall approach to financial management is sound, it could be further improved by increasing the level of detail of financial information presented to board members to enable more effective scrutiny of the financial performance of the Trust

- 45.** The Trust has a sound approach to financial management with a robust process for setting and monitoring budgets and preparing monthly finance reports which is embedded well at divisional level. The Welsh Blood Service produced a clear and well-written overarching finance plan for 2012-13. Velindre Cancer Centre prepared individual budget packs for each of the seven service groups which are monitored monthly by the Velindre Cancer Care Finance Group, but did not produce a written overarching document setting out their financial plans for 2012-13, thereby restricting the opportunity for effective scrutiny by board members.
- 46.** The Trust's Delivery Plan 2012-13 which was presented to the Board in March 2012, contained the financial plan for the Trust. The financial plan contained high level financial information which was not sufficiently detailed for the board to scrutinise effectively although the recently established Planning and Performance Committee will provide increased opportunity for the scrutiny of financial matters by board members.

The Trust continues to utilise non-recurring savings to achieve a balanced financial position at the end of 2012-13 but is putting measures in place to create greater long term financial sustainability

47. The Trust continues to face financial challenges across the whole Trust, and is continually reviewing its financial plans within the divisions to ensure a break-even position is achieved for the year end. The Trust is required to deliver savings and contain costs of £3.2 million to achieve its financial balance target in 2012-13.
48. Whilst all divisions have responsibility to generate cost savings, the greatest financial challenge continues to remain with Velindre Cancer Centre. The savings required in the Velindre Cancer Centre for 2012-13 is £2.6 million, representing 81 per cent of the Trust's total savings target.
49. As at month 5, the Velindre Cancer Centre was reporting an unidentified savings gap of some £0.6 million within its savings plans, however planned staffing vacancies have enabled the Velindre Cancer Centre to forecast a breakeven position for the year.
50. The Velindre Cancer Centre Sustainability Board continues to provide strategic direction for the sustainability of Velindre Cancer Centre but needs to meet more regularly and broaden its senior clinical membership to monitor progress in a more robust and proactive manner.
51. The establishment of the Velindre Improvement Programme, following the appointment of the two Modernisation Managers, has already delivered significant improvements in patient pathways and service delivery, and is part of a wider plan to put Velindre Cancer Centre onto a sustainable footing.

The Trust has sound arrangements in place to support good governance and is making steady progress in refining its overall board assurance framework, the provision of high quality, accessible management information and ensuring compliance with information governance requirements

The Trust's internal control environment supports effective board assurances and the continued development of the Trust's risk management approach and the introduction of the Planning and Performance Committee will further enhance effective board scrutiny

52. Work is underway within the Trust to review the overall board assurance framework. The completion of this work is crucial to making sure that all aspects of the Trust's business are considered by the appropriate subcommittee. The recently formed Planning and Performance Committee has the potential to strengthen current governance and assurance arrangements, although it will need to get quickly up to speed with its portfolio and also ensure that it does not become a 'proxy' board.

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53. The Trust has developed a clear process that supports the Board's participation in the development, clearance, scrutiny, agreement and publication of the Annual Governance Statement. Board members are addressing the challenge of meeting the requirements of the Audit Committee handbook and considering its implications for board assurance.
 54. The Trust's approach to risk identification and management has been reviewed and improved although the risk management strategy will need updating following the implementation of the revised board assurance framework.
 55. The Trust has a committed Quality and Safety Committee with a focus on reporting and investigating concerns and is promoting an open and honest learning culture through the whole Trust Organisational Learning Committee.

Board development sessions and the establishment of a quality measurement framework have been major drivers towards the provision of more timely and accessible management information for Board members

56. The Trust has made good progress since setting its Service, Workforce and Financial Framework (SWFF) and delivery plan for 2012-13. The Trust recognises the need for a measurement system that is relevant, repeatable and objective and wishes to put quality at the heart of everything it does, rather than focusing on a narrow set of measures. A QMF has been developed which aims to provide assurance to the full Board either directly or through its committees. The Trust has made a good start with its first iteration of the QMF which was approved by the Trust Board in May 2012.
57. To assist the Trust in its pursuit of excellence, the QMF would benefit from more comparative data with organisations providing similar services across the UK. It would also benefit from adding a named Director and committee with responsibility for each measure as part of its continued development.
58. The Board and committee members demonstrate that they can scrutinise and challenge the information provided, request and receive additional information and can triangulate information provided through informal visits and attending other Trust business forums such as the Patient Liaison Group (PLG) and Service Improvement Board. The Trust has also run a programme of Board development sessions which has helped to strengthen governance arrangements by raising awareness of key issues and the responsibilities of board members.

Arrangements to ensure good quality data are in place and work is planned to assess the Trust's business continuity and disaster recovery processes in the event of possible IT systems failure

59. My audit team has undertaken a high level examination of the Trust's arrangements for ensuring the data that it produces is reliable and accurate. Whilst this work has not sought to validate the quality of specific NHS data sets or performance indicators, it has reviewed basic patient demographic data to determine the extent of duplicate and missing information on Patient Administrative and Radiology systems.

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- 60.** Data quality audit work at the Trust was focused on the Velindre Cancer Centre, and found that appropriate and effective processes and procedures were in place to ensure that the Cancer Centre's data is valid and accurate. There is, however, scope to strengthen annual reporting of data quality issues to the Board, and the risks associated with the new arrangements for informatics services will need to be managed. I reached this conclusion because:
- governance arrangements relating to data quality are broadly sound, although annual reporting to the Board needs strengthening and recent changes to IM&T delivery and management may undermine progress;
 - despite the absence of a formal policy, data quality procedures and processes are well-established and effective; and
 - performance against national data validity targets, along with the results of our own data analysis, indicates effective data quality processes, although the Board has not yet cleansed all of its data adequately.
- 61.** My audit team is planning to undertake work at the Trust on the robustness of its disaster recovery and business continuity processes in the event of an IT system failure, and has undertaken preliminary scoping in this area. However, this work has been deferred while the Trust implements the work of the Business Continuity and Emergency Planning Group established following the internal audit review of its arrangements to provide continuity of service in the event of an emergency, significant event or adverse conditions at the Velindre Cancer Centre. I plan to undertake work in 2013 to confirm that the Trust's business continuity and disaster recovery arrangements are robust and that any issues identified by the internal audit review have been addressed.

Existing arrangements to ensure compliance with the Caldicott information confidentiality requirements are broadly effective but could be further enhanced by formalising the relationships between responsible individuals within a procedure

- 62.** Caldicott is a key element of the Information Governance agenda in Wales, providing organisations working in Health and Social Care with a set of recommendations and principles to help ensure that person identifiable information (including that of patients, staff and service users) is adequately protected.
- 63.** My audit team found that whilst the Trust has a suitable range of well-established arrangements to comply with the requirements as set out in the Caldicott Manual, these would benefit from being drawn together under one formal procedure. Key staff are in place within each division to lead the Trust's response to the Caldicott agenda, but their effectiveness could be improved by developing closer working arrangements to support shared learning across the divisions.

The Trust has a well-managed approach to reviewing and investigating National Fraud Initiative (NFI) data matches but improvements can be made in some areas

64. The Trust participated in the most recent NFI exercise, the NFI 2010-11. My work assessed whether the Trust was making effective use of the NFI to identify and address fraud and overpayments.
65. The work found that the Trust is making effective progress in reviewing and investigating the data matches. The Trust's approach is well-managed overall but there are some areas where improvements can be made. I reached this conclusion because:
- appropriate steps were taken to notify data subjects that their data may be used in the prevention and detection of fraud;
 - all required datasets were submitted to the NFI;
 - the quality of the data submitted complied with the data specifications, although the completeness of data needs to be improved;
 - the approach to investigating the NFI matches was well-planned and prioritised but there is scope to improve monitoring; and
 - good progress has been made to investigate matches, although the NFI web tool could be better used to appropriately record results.

Stakeholders generally viewed the nationally hosted IT services as fit for purpose and although service support arrangements have been strengthened scope still exists for further improvements

66. My work examined the effectiveness of the services delivered by Health Solutions Wales (HSW), now part of NHS Wales Informatics Service (NWIS) in supporting the delivery of patient-focussed IT services. My work focussed on the national delivery impact of the RadIS2, Child Health, Welsh Demographic Service (WDS), Hospital Pharmacy and national IT infrastructure services that were provided by HSW.
67. The work found that stakeholders viewed the services provided as fit for purpose and that NWIS has strengthened its service support arrangements but scope still exists for further improvements. In reaching this conclusion I found that:
- planning for IT services has been effective, although individual application strategies and service improvement plans should be developed;
 - feedback from users indicates that the systems we reviewed are generally fit for purpose with well-established support arrangements, although there is a need to strengthen capacity, continuity and availability arrangements; and
 - the NWIS has established foundations for the effective performance management of services, although the reporting and monitoring needs to be strengthened.

The Trust has well-established processes to promote improvements in the use of resources and service delivery

The Trust has actively sought to address workforce challenges in oncology and to introduce new ways of working in blood collection; and the new Workforce and Organisational Development Committee should provide improved direction and scrutiny

68. The Trust's SWFF and delivery plan have provided a clearer focus for the 2012 workforce plan although finalising plans for the future of the Velindre Hospital site would better inform longer term planning.
69. The Trust recognised the need to increase scrutiny of workforce matters and the new Workforce and Organisational Development Committee should provide a forum where this can now occur.
70. The award winning use of extended and changed roles in both the Velindre Cancer Centre and Welsh Blood Service has enabled the Trust to improve its skills mix. The Trust has delegated responsibility for workforce budgets to budget holders so that they can ensure that their staff are being utilised appropriately for their grade although it is too early to say what impact this is having.

The Trust is highly committed to continuous engagement with patients, carers, donors and staff and recognises the need to strengthen its communications focus

71. The Trust wants to develop the Velindre Hospital site and the Welsh Government is considering the business case. Once the way forward is agreed, the Trust will need to engage fully with stakeholders. The Trust recognises that it needs a stronger communications focus and is exploring ways to develop its public engagement strategy.
72. The Velindre Cancer Centre is highly committed to continuous engagement with patients and carers through the Patient Liaison Group (PLG). The PLG members are involved in all aspects of the Cancer Centre's service improvement agenda, including carrying out surveys with current patients and running stakeholder engagement events. The Trust is keen to build on the work of the PLG and develop new ways of working to capture current patient experience. The Trust is involved in the national work on patient engagement and will be able to draw on these findings.
73. The Welsh Blood Service's donor engagement strategy is being developed and progress is being made on establishing a donor forum. Donors can provide feedback via the donor survey. The Welsh Blood Service also invites human interest stories to highlight the importance of blood and platelet donation.
74. The Trust maintains good links with the relevant Community Health Councils (CHCs) who send active representatives to Board and Quality and Safety Committee meetings and the CHC provides useful feedback from audits. The Head of Cancer Services also attends regular meetings with the local Assembly Member and Velindre Hospital residents' group to discuss matters affecting local residents.

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- 75.** The Trust has a well-established staff partnership forum and recently agreed a staff engagement strategy and plan based on good practice. The Trust has used staff surveys and Investors in People to gather baseline data on the levels of staff engagement. Board members carry out walkabouts to meet staff which they have found useful in developing relationships with staff and facilitating communication.

The Trust is committed to further improving engagement with clinicians and is working to improve engagement, consultation and communication

- 76.** As part of my work to determine how the Trust achieves better use of its resources, I examined the effectiveness of the Trust's mechanisms, for promoting and supporting clinician engagement at an organisational Trust-wide level and specifically in modernising and transforming services. My work focussed on clinician engagement in palliative care services in the Velindre Cancer Centre and biomedical and clinical science staff engagement in laboratory services at the Welsh Blood Service.
- 77.** The work showed that the Trust's leadership is committed to further improving engagement with clinicians in setting its strategic direction and modernising services but some challenges remain and it is working to improve engagement, consultation and communication. I reached this conclusion because:
- The Trust's leadership is committed to staff engagement in strategic development, and clinical staff have been central to the development of their local service strategies. However, some clinical staff lacked awareness of the overall strategy indicating that consultation and engagement approaches need strengthening.
 - Appropriate structures and mechanisms exist to support clinical engagement within the divisions, although the Trust will need to ensure that these are used to support effective communication and engagement.
 - The Trust's divisions are addressing issues identified in staff surveys such as an issue with stress which the Trust is taking seriously and taking steps to address.

The Trust has made good progress implementing the recommendations from my previous audit work with work still ongoing in a number of areas

- 78.** My Structured Assessment work has indicated that the Trust has made good progress in addressing the areas for development identified in previous years' work. The areas for development identified in the 2011 Structured Assessment were reviewed as part of my 2012 Structured Assessment. All but one of the recommendations has been completed. The outstanding recommendation, to complete an estate appraisal, is still outstanding which is limiting the Trust's ability to understand the full implications of the challenges with its estate. The Trust should complete a full estate appraisal to ensure it has current data on its physical condition, statutory and safety compliance, functional suitability, space utilisation, and energy performance so that it can have a more robust understanding of its backlog maintenance costs and support the plans for the Velindre Hospital site.

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79. The Trust entered all recommendations identified from my audit work, together with their management response, into the Audit Action Log which is monitored by the Audit Committee. During the last 12 months I have undertaken follow-up audit work to assess the progress that the Trust has made in addressing concerns and recommendations arising from previous audit work on hospital catering and the consultant contract. The findings from this follow-up work are summarised in [Exhibit 2](#).

Exhibit 2: Progress implementing audit recommendations

Area of follow-up work	Conclusions and key audit findings
Hospital catering	<p>The Trust has made good progress in addressing the issues identified in my previous work on hospital catering, and in particular I note the work that has been done to improve nutritional screening and communications between nursing and catering staff. In reaching this conclusion, I found that:</p> <ul style="list-style-type: none"> • the arrangements for monitoring performance and service risks via Trust groups and its committee structure had been reviewed; • the Trust had strengthened the arrangements for monitoring food waste by more detailed recording of over production and the reasons for excess waste; • communications between nursing and nutritional staff for patients dietary requirements had improved by implementing the all Wales nutritional care pathway (based on the Moreland guidance); • compliance with nutritional screening standards had been increased by assessing all inpatient dietary requirements on admission; • individual nutritional care plans have been developed for patients who are assessed at risk or having additional dietary requirements; and • work to consider how the level of subsidy for non-patient catering services can be further reduced needs to be completed.

Area of follow-up work	Conclusions and key audit findings
Consultant contract	<p>The Trust has made good progress in updating consultant job plans; however, work is still in progress to address the remaining issues identified in my previous consultant contract report. I came to this conclusion because:</p> <ul style="list-style-type: none"> • updated job plans have been completed for all consultants; • consultant workloads have been balanced by sharing sessions more equitably and reducing the average consultant sessions from 11.84 in March 2011 to 10.3 in January 2012; • the number of sessions worked by consultants is now printed on their payslips; • the level of management time in consultant job plans has been confirmed and the level of management input to job plan meetings is appropriate; • the Trust has submitted the Welsh Blood Service data on consultant sessions to the Welsh Government; • consultant training on job planning has not yet been completed; and • the performance information used in job planning has not yet been strengthened or new outcome indicators developed.

Appendix 1

Reports issued since my last Annual Audit Report

Report	Date
Financial audit reports	
Audit of Financial Statements – Interim Report	April 2012
Audit of Financial Statements Report (ISA 260)	May 2012
Opinion on the Financial Statements	June 2012
Verification of the Whole of Government Accounts Return	August 2012
Opinion on the Summary Financial Statements in Annual Report	September 2012
Financial Statements Report to Management	September 2012
Performance audit reports	
National Fraud Initiative 2010-11	April 2012
Customer focussed review of the IT services formerly provided by Health Solutions Wales	April 2012
Follow up review of progress implementing recommendations from the catering and consultant contract studies	April 2012
Review of clinical engagement	June 2012
Data quality: Review of arrangements at Velindre Cancer Centre	August 2012
Structured assessment 2012: High level summary of findings	November 2012
Other reports	
Outline of Audit Work 2012	April 2012
Nationally Hosted NHS IT Systems - Assurance	August 2012
Governance and accountability arrangements for hosting organisations	September 2012

There are also a number of performance audits that are still underway at the Trust. These are shown below, with estimated dates for completion of the work.

Report	Estimated completion date
Radiotherapy staffing arrangements	January 2013
IT business continuity/disaster recovery	Deferred until 2013

Appendix 2

Audit fee

The Outline of Audit Work for 2012 set out the proposed audit fee of £174,986 (excluding VAT). My latest estimate of the actual fee, (on the basis that some work remains in progress) is in accordance with the fee set out in the outline.



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