



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

## Annual Audit Report 2012

# Public Health Wales NHS Trust

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# Status of report

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This report has been compiled on behalf of the Auditor General for Wales by Matthew Coe, David Thomas, Tracy Veale, Gabrielle Smith and Anthony Ford.

# Contents

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Summary report	4
Detailed report	
About this report	7
Section 1: Audit of accounts	8
I have issued an unqualified opinion on the Trust's 2011-12 financial statements, although in doing so I have brought several issues to the attention of officers and the Audit Committee	8
Section 2: Arrangements for securing efficiency, effectiveness and economy in the use of resources	12
The Trust continues to maintain sound financial management and is predicting to break-even but there is scope to increase the level of financial information reported to the Board	12
The Trust has made good progress over the last three years to put in place key arrangements for governance and assurance but these need to be brought together into a coherent and comprehensive framework	13
The Trust has made progress in addressing concerns identified by my previous audit work although there is scope for further improvements in some specific areas	17
Appendices	
Reports issued since my last Annual Audit Report	20
Audit fee	21

# Summary report

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1. This report summarises my findings from the audit work I have undertaken at Public Health Wales 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 Trust's 2011-12 financial statements, although in doing so I have brought several issues to the attention of the Audit Committee.
6. I have also concluded that:
  - the Trust's accounts were properly prepared and free from material misstatement;
  - 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 that it had delivered savings of savings of £2.8 million in the financial year.

## 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 assessing progress against the areas for further development we 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:

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The Trust continues to maintain sound financial management and is predicting to break-even but there is scope to increase the level of financial information reported to the Board

9. Key findings from my review of the Trust's financial management arrangements are as follows:

- the Trust is reporting that projected cost savings of £2.3 million are being met and a balanced financial year end position will be achieved, although there is scope to further develop the way in which in-year variances against savings targets are reported; and
- in overall terms, the Trust's approach to financial management is broadly sound, although it could be improved by integrating financial information with strategic delivery plans.

The Trust has made good progress over the last three years to put in place key arrangements for governance and assurance but these need to be brought together into a coherent and comprehensive framework

10. My review of the Trust's governance arrangements found that:

- the Trust has made good progress to address the areas for development identified in previous years;
- key components of internal control are in place but there is scope to strengthen the systems for identifying risks and for providing board assurance;
- information needs are being clarified with key measures being developed to strengthen management information and to monitor performance across all aspects of the business;
- the Trust continues to strengthen information governance arrangements to ensure compliance with information confidentiality and to support improvements in data quality; and
- the Trust's approach to the national fraud initiative is well-managed but there is scope for some improvement.

The Trust has made progress in addressing concerns identified in my previous audit work although there is scope for further improvements in some specific areas

11. Key findings from my review of the Trust's use of resources found that:

- the Trust has made good progress in taking forward issues identified in previous Structured Assessment work although further work is needed to make workforce planning more specific and to link it more clearly to strategic delivery plans; and
- the Trust has made good progress implementing the recommendations from my previous audit of the consultant contract but it still needs to strengthen its arrangements for identifying and monitoring all consultants' commitments.

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## The factual accuracy of this report has been agreed with the Executive Team

12. The factual accuracy of this report has been agreed with the Chief Executive and the Director of Finance. It was presented to the Audit Committee on 19 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](http://www.wao.gov.uk)).
13. The assistance and co-operation of the Trust's staff and its Board members during the audit is gratefully acknowledged.

# Detailed report

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## About this report

14. 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.
15. 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.
16. 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.
17. 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](#).
18. 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.
19. Finally, [Appendix 2](#) confirms 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 Annual Audit Outline.

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## Section 1: Audit of accounts

**20.** 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

- 21.** 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.
- 22.** In giving this opinion, I have complied with my Code of Audit Practice and the International Standards on Auditing (ISAs).
- 23.** In undertaking this work, auditors have also examined the adequacy of:
- the Trust's internal control environment; and
  - the financial systems for producing the financial statements.

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

**The Trust's financial statements accounts were properly prepared and free from material misstatement**

- 24.** Close work with Wales Audit Office staff during the year-end accounts finalisation process resulted in continued improvement in the quality of working papers and included greater use of analytical review that improved the audit process. These improvements contributed to better quality draft accounts and fewer audit adjustments being identified.

25. 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 6 June 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
Identified misstatements	We reported that there were no uncorrected misstatements and all corrected misstatements were summarised for the attention of the Audit Committee.
Concerns about the qualitative aspects of your accounting practices financial reporting	This is the second year that Public Health Wales finance staff have led the preparation of the financial statements. There has been continued improvement on the good progress made last year and to the quality of working papers. Early dialogue between the Assistant Director of Finance and the Wales Audit Office was held on how certain working papers could be presented and these were included as part of the year-end working paper file and contributed to the improvements highlighted above.
Significant difficulties encountered during the audit	We did not encounter any significant difficulties during the audit. We received information in a timely and helpful manner.
Significant matters discussed and corresponded upon with management which we need to report to you	<p>The Programme Management Unit (PMU) transferred from the Cardiff and Vale University Health Board (UHB) on 1 December 2011. The Financial Reporting Manual (FRm) and the Manual for Accounts (MfA) require that, where the transfer is material, it should be accounted for as a merger with all of the income and expenditure for the year shown in the financial statements of the Public Health Wales Trust (the Trust). Prior year income and expenditure balances would also need to be restated.</p> <p>However, where the value of a transfer is not material, the UHB and the Trust can elect not to apply merger accounting principles. At 1 December 2011, there were no transferable assets or liabilities associated with the PMU transfer.</p> <p>Total income and expenditure for the period 1 April 2011 to 31 March 2012 amounted to £638,000, of which £411,000 related to the period from 1 April 2011 to 30 November 2011 and was included within the accounts of the UHB. The Trust accounted for income and expenditure of £227,000 for the period 1 December 2011 to 31 March 2012 as an in-year transfer. This approach was applied consistently by the UHB and the Trust, and was fully disclosed in the notes to the financial statements. Given that the value of the transfer was not material to either the UHB or the Trust, we agreed that the Trust's treatment of the transfer was reasonable.</p>

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Issue	Auditors' comments
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 need to report to you.
Material weaknesses in your internal controls	We did not identify any material weaknesses in your internal controls.
Other matters	There were no other governance matters reported.

**26.** As part of my financial audit I also undertook 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; and
- Summary Financial Statements and Annual Report – I concluded that the summary statements were consistent with the full statements and that the Annual Report complied with Welsh Government guidance.

**The Trust had an effective internal control environment to reduce the risk of material misstatement to the financial statements**

**27.** 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.

**28.** I also considered the work and role of internal audit and the work of the Audit Committee which plays an active role in overseeing the Trust's financial reporting processes and risk management arrangements. 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 June 2012.

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

**29.** 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 management to address these.

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**The Trust achieved financial balance after reporting savings of £2.8 million**

- 30.** The Trust achieved a retained surplus of £0.24 million in line with the forecast breakeven position. At the start of the 2011-12 financial year, the Trust identified a funding gap of £2.8 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. Of the above total, some £2.35 million of savings are recurrent.

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

- 31.** 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;
  - assessing the specific use of resources on workforce planning, public and stakeholder engagement and data quality within the Screening Division; and
  - assessing the progress the Trust has made in addressing the issues identified by previous audit work on the consultant contract.
- 32.** The main findings from this work are summarised under the following headings.

### The Trust continues to maintain sound financial management and is predicting to break-even but there is scope to increase the level of financial information reported to the Board

The Trust is reporting that projected cost savings of £2.3 million are being met and a balanced financial year end position will be achieved although there is scope to further develop the way in which in-year variances against savings targets are reported

- 33.** The Trust continues to face financial challenges, and is required to manage a financial gap of £2.3 million to achieve its financial balance target in 2012-13. The Chief Executive and the Director of Finance held a series of meetings with the divisions to consider, challenge and approve all budgets for 2012-13. All directorates have responsibility to generate cost savings and savings targets are subsumed in the base budget.
- 34.** As at month 8, the Trust is reporting a balanced financial position and continues to forecast a balanced financial position for the year end. Although the savings targets for the year are analysed in the monthly Finance Reports using the All Wales classification, in-year variances to budget are reported but not against individual savings schemes.

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In overall terms, the Trust's approach to financial management is broadly sound although it could be improved by integrating financial information with strategic delivery plans

35. The Trust has a broadly sound approach to financial management which is embedded at directorate level. Within directorates, procedures have been introduced that include regular dialogue between Executive Directors and the Director of Finance and monthly meetings between management accounts staff and operational managers to closely monitor budgets and achievements of savings targets.
36. The Trust's reporting arrangements to the Board include financial reports that summarise the financial performance of the Trust, underpinned by more detailed financial reporting at directorate level. However, directorates do not produce an overarching written document setting out their financial plans for 2012-13 thereby limiting opportunity for effective scrutiny at board level.
37. The Board is currently satisfied with the level of detail included within the financial reports it receives. However, the reporting arrangements could be further improved by including financial information within each of the Strategic Delivery Plans. This would ensure that the impact of the strategic direction of the Trust could be clearly understood from both a financial and an operational context, thereby enriching understanding and enabling effective challenge and scrutiny by board members.

The Trust has made good progress over the last three years to put in place key arrangements for governance and assurance but these need to be brought together into a coherent and comprehensive framework

The Trust has made progress to address the areas for development identified in previous years

38. The Trust has made good progress in addressing areas for development that I identified for development last year, in particular:
  - strategic delivery plans have been developed to underpin five of the Trust's high level objectives but there is a lack of clarity about the timescales for delivery, the resource implications and measures of success;
  - the Trust's risk management strategy was approved in July 2012 and work continues to underpin the strategy with risk management policies and procedures and to improve quality and consistency of reporting to the risk management group;
  - the cycle for reviewing all Trust policies is nearing completion and legacy policies not scheduled for review are being 'branded' with the Trust's name and logo;
  - an informatics strategy has been approved with implementation being driven by an annual action plan; and
  - an integrated planning and performance reporting framework is now ready for implementation.

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Key components of internal control are in place but there is scope to strengthen the systems for identifying risks and for providing board assurance

39. The key components of a governance and assurance framework are in place but some areas still need attention. Organisational structures at tier one are now complete ensuring strategic leadership across the whole of the Trust's business. In addition, the restructuring of the Public Health Development Directorate is nearing completion to align resources to functions and to improve accountability for delivery. Although the functions and membership of the Board committees are reviewed regularly, there is no evidence that the Board has undertaken a rigorous assessment of its own performance nor assessed the impact of the new Audit Committee handbook.
40. Other key components of internal control in place include:
- regular monitoring of statutory and mandatory training and improving access to training, for example through e-learning to improve overall compliance;
  - strengthening the learning from complaints, incidents and claims as part of *Putting Things Right* with improved monitoring of lessons learned by the Quality and Safety Committee;
  - strengthening arrangements to comply with legislative requirements, such as Health and Safety legislation; and
  - applying robust quality assurance systems for maintaining high standards of practice and safety for services such as the microbiological laboratories and screening programmes.
41. While the Trust has systems to identify and monitor risks, these may not be sufficiently robust. The Trust's risk management group oversees corporate and divisional risk registers and regularly notifies the Quality and Safety Committee of any changes to corporate risks. However, the Corporate Risk Register could be improved by setting out more clearly how the identified risks impact on the delivery of strategic objectives or other priorities agreed by the Board. There are a number of long-standing risks on divisional risk registers with little apparent movement in risk score; although this may be wholly appropriate, it is not clear that the controls and mitigating actions have been reviewed for their effectiveness. Different reporting formats are in use to capture divisional risks and it is not always clear when new risks are added to the risk registers, which may account for the absence of some planned actions for mitigation. Moreover, divisional risks that could impact on organisation reputation may not always be captured on the Corporate Risk Register.
42. The Trust needs to demonstrate that the various components of its governance and assurance framework are working effectively. Currently, there is no clearly communicated board assurance framework, which sets out how the Board obtains its assurance or brings together key strands of assurance during the year. Work is underway to address these issues, which should provide on-going oversight by the Board and support timely preparation of the Annual Governance Statement and the new Quality Statement. It is sometimes unclear how the Board agenda and papers feed across to the corporate risks and priorities but recently the format of the Board

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Secretary's report has changed to distinguish governance and operational issues more clearly.

43. The standards for health services form an essential element of the Trust's overall framework for internal assurance for the Board but the on-going monitoring of progress against improvement plans, by either the Risk Management Group or the Quality and Safety Committee, appears absent. The Trust has moved to strengthen oversight of progress against improvement plans as part of the twice yearly divisional reviews.

**Information needs are being clarified with key measures being developed to strengthen management information and to monitor performance across all aspects of business**

44. My structured assessment work this year has focused on whether the Board and its sub-committees have access to relevant management information to plan, make decisions and to underpin effective scrutiny and board assurance. I found that Board members are mostly satisfied with the management information received and support is available to make the best use of it. The Board and its sub-committees are working to clarify their information needs in relation to quality, safety and performance but members acknowledge that they struggle to get the information they need. In early 2012, the Quality and Safety Committee started work to agree its information needs and now regularly receives performance information on some screening programmes and Stop Smoking Wales, which it reviews in relation to potential quality issues.
45. The Board and its sub-committees regularly deal with a large volume of information, which can be overwhelming and may obscure key messages. Much of the information is descriptive with few papers underpinned by numerical data. Board papers are frequently 'for information' rather than for decision, reflecting the nature of the Trust's business, and it is not always clear what the Board is being asked to consider or why the information is important. Furthermore, the information is insufficiently integrated to provide a rounded view about organisational performance. Separate reporting makes triangulation of information with service user experience or stakeholder feedback more difficult.
46. As well as reviewing management information, my work also focused on whether the Board and its sub-committee are making good use of the information received. My observations of the Trust Board and Quality and Safety Committee found that there is an increasing level of scrutiny with members seeking clarification and providing appropriate challenge with relatively few concerns expressed over the reliability of the information.
47. However, there are gaps in management information to assess progress against strategic objectives, value for money or the impact of service/programme delivery but the Trust is working to address these gaps. Data on resource inputs, both financial and human, are absent from divisional or directorate reports but the Trust has started to take steps to link costs with activity, for example in relation to Stop Smoking Wales. The Trust has been working hard to assess the cost effectiveness of the programmes included in the national review of health improvement programmes and to incorporate user feedback.

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- 48.** The Trust recognises that the update reports received by the Board do not include clear measures or milestones against which performance can be assessed. The Trust is reviewing performance reporting arrangements as part of its plans to implement a more integrated planning and performance framework. Key performance measures, milestones and risks for annual strategic priorities will be incorporated within an integrated performance dashboard, eventually replacing the narrative reports currently presented to the Board. The Board will begin to receive regular performance information from December.

**The Trust continues to strengthen information governance arrangements to ensure compliance with information confidentiality and to support improvements in data quality**

- 49.** My audit team has undertaken a high level examination of the Trust's arrangements for ensuring the data that it produces as part of day-to-day activities, particularly within the Screening Division, are reliable and accurate. This work did not seek to validate the quality of specific NHS data sets or performance indicators.
- 50.** My work found that while the Trust has adequate arrangements in place to ensure Screening Division data are robust, governance needs to be strengthened to provide assurance that data quality is consistent across the organisation. More specifically, I found that:
- while senior managers recognise the importance of data quality, reporting mechanisms in relation to data quality have not been formally defined and arrangements for Board assurance could be strengthened; and
  - there are well-established procedures and processes in place to improve data quality within the Screening Division but there is no Trust-wide data quality policy to ensure consistency and on-going monitoring.
- 51.** In addition to work on data quality, auditors have also examined the Trust's arrangements for implementing Caldicott guidance on confidentiality of patient data. My work has found that the Trust continues to strengthen information governance arrangements to ensure it complies with information confidentiality.
- 52.** The Trust has comprehensive arrangements in place to underpin Caldicott requirements and to provide effective oversight. Key staff, comprising the Caldicott Guardian, an executive lead for information governance and two information governance managers, are in place and are supported by a virtual network of local contacts. Key information flows have been identified but there is less clarity on the details of individual data ownership. The Trust is taking action using the local information governance contacts to map what person-identifiable information is held and by whom and for what purpose and to identify training needs in relation to sensitive information.
- 53.** The necessary framework to ensure compliance with the Caldicott principles is in place. Policies and procedures have been implemented to strengthen information governance and work is underway to assess the level of understanding of these. General training is provided for staff on information governance issues and information governance is included in an induction programme for some staff, most notably

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within the Screening Division. Compliance with mandatory training on information governance is slowly improving and the latest figures indicate that 70 per cent of staff have undertaken training. Arrangements to inform service users how their information is used are also in place but there is little evaluation of the effectiveness.

- 54.** The Trust's self-assessment of its compliance with Caldicott guidance shows a marked improvement from a rating of insufficient assurance in 2010 to satisfactory in 2011. The self-assessment is being used as a platform to drive improvements and there are robust arrangements for on-going monitoring of improvements with oversight provided by the Information Governance Committee and thence to the Board.

The Trust's approach to the National Fraud Initiative is well managed but there is scope for some improvement

- 55.** The National Fraud Initiative (NFI) matches data across organisations and systems to help public bodies identify potentially fraudulent or erroneous claims and transactions. The Trust took part in the NFI for the first time in the 2010-11 exercise. My report in May 2012 concluded that the Trust has made good progress in reviewing and investigating data matching as part of the NFI but there is scope to improve the quality of some data used for the matching exercise, as well as clearly documenting the approach for investigating data matches for future reference.

The Trust has made progress in addressing concerns identified in my previous audit work although there is scope for further improvements in some specific areas

The Trust has made good progress in taking forward issues identified in previous Structured Assessment work although further work is needed to make workforce planning more specific and to link it more clearly to strategic delivery plans

- 56.** My Structured Assessment work has indicated that the Trust has made progress to address the areas for development identified in previous years. This progress is summarised in [Exhibit 2](#).

Exhibit 2: Areas for development identified in previous Structured Assessment work

Issue	Progress made by the Trust
Workforce planning	<p>Workforce planning arrangements are largely unchanged but organisational development is being strengthened.</p> <ul style="list-style-type: none"> <li>• Strategic workforce planning arrangements are largely unchanged since last year.</li> <li>• While demand for public health resource is not fully reflected in the Trust's strategic delivery plans, these plans do highlight training and development needs for their successful delivery.</li> <li>• At an operational level, workforce implications are clearly set out and as opportunities arise, resources are realigned to support service changes.</li> <li>• The Trust has concluded the public health service delivery model project to ensure that the resource needs of local teams have been addressed.</li> <li>• The Trust has established a training and development function to ensure training and development needs are identified and to monitor the level of investment in training.</li> <li>• Progress is being made to finalise and implement the strategic delivery plan to underpin workforce and organisational development.</li> <li>• Professional fora are being established to bring together professional/clinical staff from across the organisation to discuss common issues.</li> </ul>
Managing the asset base	<p>The Trust has developed its accommodation strategy and implemented a five-year accommodation plan to address its accommodation needs. An estates manager has recently been appointed to take forward this work.</p>
Engagement	<p>Public and stakeholder engagement appears to be a key strength.</p> <ul style="list-style-type: none"> <li>• The Public and Stakeholder Engagement Strategy was approved by the Board in April 2012, as planned. This strategy sets out clearly the engagement principles that Trust teams should follow.</li> <li>• There are many examples of engagement activities with service users, particularly within screening services. Stakeholder engagement is also key to the national review of health improvement programmes.</li> <li>• The Trust also actively engages staff in corporate or directorate developments, such as workshops to develop performance measures and the restructure of the Public Health Development Directorate.</li> </ul>

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The Trust has made good progress implementing recommendations arising from my previous audit of the consultant contract but it still needs to strengthen its arrangements for identifying and monitoring all consultants' commitments

57. 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 the consultant contract. The findings from the follow-up work are summarised in [Exhibit 3](#).

### Exhibit 3: Progress in implementing audit recommendations

Area of follow-up work	Conclusions and key audit findings
Consultant Contract	<p>The Trust has made good progress in implementing the recommendations, which were aimed at improving the approach to job planning and to deliver the benefits of the consultant contract. However, the Trust still needs to strengthen its arrangements for identifying and monitoring all consultants' commitments. We reached this conclusion because:</p> <ul style="list-style-type: none"><li>• the Trust has made good progress in strengthening its job planning arrangements by placing a greater emphasis on identifying outcomes and SMART targets;</li><li>• there is scope to improve the current arrangements by clearly defining DCCs and SPAs as they apply to the Trust to ensure consistency between directorates and divisions; and</li><li>• important management activities are not always clearly or consistently recognised within job plans.</li></ul>

# Appendix 1

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## Reports issued since my last Annual Audit Report

Report	Date
<b>Financial audit reports</b>	
Audit of Financial Statements Report	June 2012
Opinion on the Financial Statements	June 2012
Financial Statements Memorandum	September 2012
Opinion of the Summarised Financial Statements	September 2012
<b>Performance audit reports/outputs</b>	
Data quality arrangements within the Screening Division	August 2012
Follow up of progress implementing recommendations from the consultant contract review	September 2012
Structured Assessment Presentation (including staff engagement)	December 2012
<b>Other reports</b>	
Outline of Audit Work 2012	March 2012
National Fraud Initiative	May 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/Outputs	Estimated completion date
Review of management arrangements within the Screening Division (described as a holistic review in the 2011 Annual Audit Report)	January 2013
Board development workshop	January 2013

# Appendix 2

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## Audit fee

The Outline of Audit Work for 2012 set out the proposed audit fee of £142,700 (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. In addition to the audit work proposed in the Outline of Audit Work for 2012, I undertook an audit of a grant claim. The additional fee for this work was £938 (excluding VAT).



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