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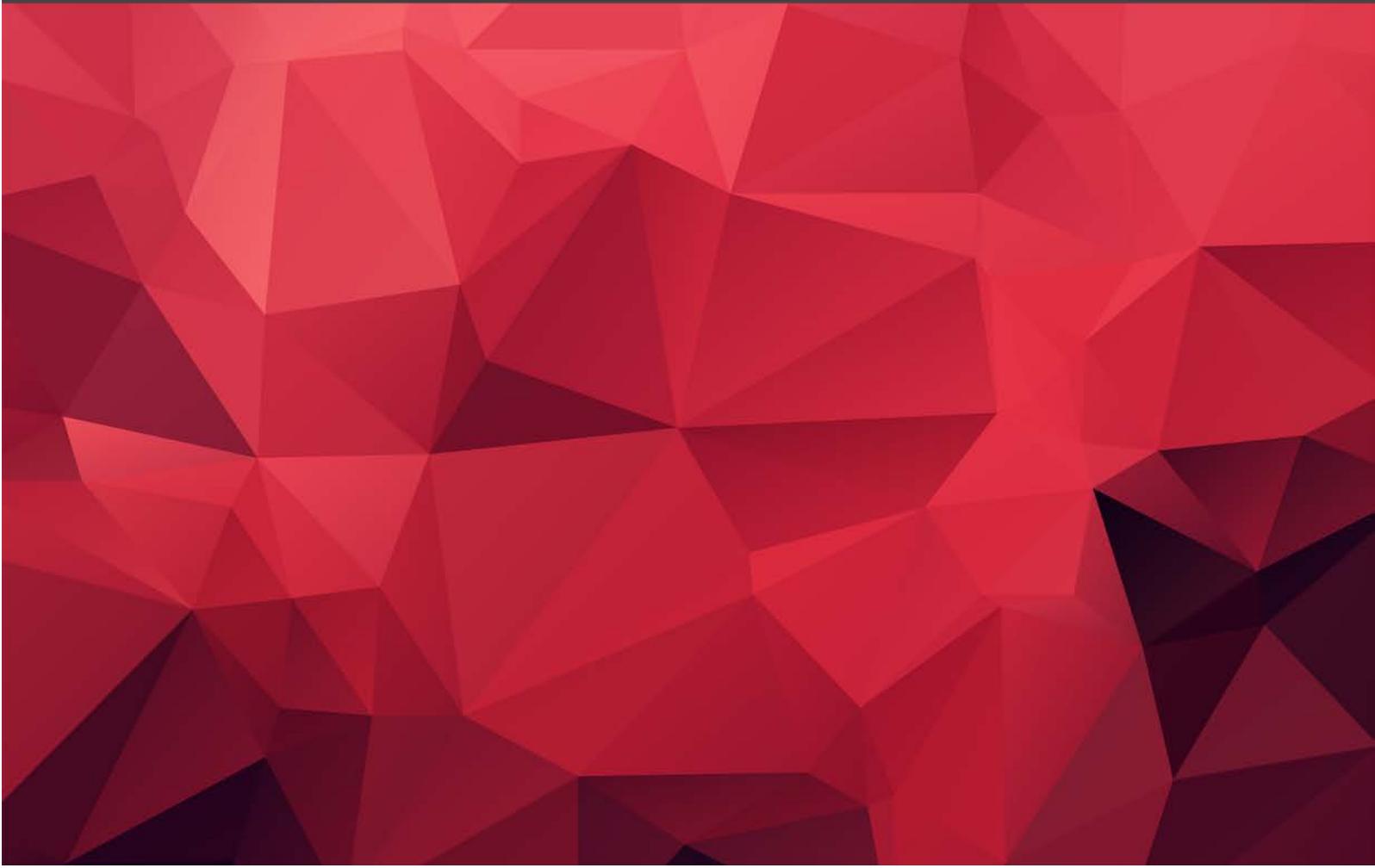
Archwilydd Cyffredinol Cymru
Auditor General for Wales

Annual Audit Report 2017 – **Welsh Ambulance Services NHS Trust**

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Ni fydd gohebu yn Gymraeg yn arwain at oedi.

The team who helped me prepare this report comprised Carol Mosely, Michelle Phoenix, Anthony Veale, Fflur Jones and Dave Thomas.

Contents

Summary report	4
Detailed report	
About this report	7
Section 1: audit of accounts	8
I have issued an unqualified opinion on the 2016-17 financial statements of the Trust, although in doing so, I have brought a number of 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	10
The Trust met its breakeven duty in 2016-17 and has improved its planning, monitoring and delivery of savings, but needs to rely less on transactional savings and scrutinise underperforming schemes more closely	11
While the Trust continues to strengthen its planning and governance arrangements, it would benefit from increasing the pace of change in some key areas	13
The Trust is committed to continuous improvement, but the pace at which it is implementing change is limited	17
Appendices	
Appendix 1 – reports issued since my last annual audit report	21
Appendix 2 – audit fee	22

Summary report

Summary

- 1 This report summarises my findings from the audit work I have undertaken at the Welsh Ambulance Services Trust (the Trust) during 2017. I did that work 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.
- 2 My audit work focussed on strategic priorities and the significant financial and operational risks facing the Trust, and which are relevant to my audit responsibilities. The separate reports I have produced during the year have more detail on the specific aspects of my audit. We discuss these reports and agree their factual accuracy with officers before presenting it to the Audit Committee. My reports are shown in [Appendix 1](#).
- 3 The Chief Executive and the Director of Finance have been given an opportunity to comment on the factual accuracy of this report, which we will present to the Audit Committee on 8 March 2018. The Board will receive the report at a subsequent Board meeting and every member will receive a copy. We strongly encourage the Trust to arrange wider publication of this report. Following Board consideration, we will make the report available to the public on the [Wales Audit Office website](#).
- 4 My audit work can be summarised under the following headings.

Section 1: audit of accounts

- 5 I have issued an unqualified opinion on the 2016-17 financial statements of the Trust, although in doing so I have brought a number of issues to the attention of officers and the Audit Committee. These issues focussed on improvements required to some of the qualitative aspects of the Trust's accounting practices. These include the arrangements to support the accounting and stewardship of its property, plant and equipment as well as the process to identify the remuneration of senior management and populate the remuneration report.
- 6 I have also concluded that the Trust's accounts were properly prepared and materially accurate.
- 7 My work did not identify any material weaknesses in the Trust's internal controls relevant to my audit of the accounts.

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

8 I have examined the Trust's financial planning and management arrangements, its governance and assurance arrangements, and its progress on the improvement issues identified in last year's Structured Assessment. I did this to satisfy myself that the Trust has made proper arrangements for securing efficiency, effectiveness and economy in the use of its resources. I have also undertaken a Performance Audit review following up on my 2015 report on Issues Raised in Correspondence with the Auditor General. My conclusions based on this work are set out below.

The Trust met its breakeven duty in 2016-17 and has improved its planning, monitoring and delivery of savings, but needs to rely less on transactional savings and scrutinise underperforming schemes more closely

- 9 The Trust met its statutory duty to break even in 2016-17 and has improved its delivery of savings over the last three years, but the success of individual schemes is highly variable.
- 10 There is a strengthened savings approach and increased level of recurring savings, but with increasing financial pressures, the Trust will need more transformative schemes for a more sustainable long-term approach.
- 11 Accountability and monitoring arrangements have also been strengthened. However, scrutiny of discrete savings plans lacks sufficient depth at committee level.
- 12 The Trust is taking steps to address previous recommendations relating to savings plans and asset management controls, but there is more to do.

While the Trust continues to strengthen its planning and governance arrangements, it would benefit from increasing the pace of change in some key areas

- 13 The approach to strategic planning continues to mature and the Trust is developing a long-term strategy as well as its approach to strategic change management.
- 14 The structure of clinical and operational departments is strengthening, but building capacity in corporate functions remains a challenge.
- 15 Board and committee meetings are generally effective and open, however the Trust must maintain pace in strengthening several areas of governance.
- 16 The new risk management strategy is becoming embedded and the Trust continues to develop its recently approved Board Assurance Framework.
- 17 The Trust is taking steps to strengthen information governance and achieve compliance with the requirements of new legislation by May 2018 but has more to do.

- 18 Performance monitoring arrangements are well developed and continue to strengthen, and with good performance against red calls there is a necessary increased focus on performance against amber calls.
- 19 The Trust has not made effective use of the NFI to detect fraud and overpayments, but the recent addition of a new counter fraud officer provides an improvement opportunity.
- 20 There is good progress in addressing the majority of issues identified in last year's Structured Assessment, but the pace of change in addressing remaining recommendations is slow.

The Trust is committed to continuous improvement, but the pace at which it is implementing change is limited

- 21 There is a strengthening vision for estates, stakeholder engagement and workforce planning, however, managing assets and sickness absence continues to present challenges.
- 22 The Trust has taken appropriate action to implement the recommendations made in my December 2015 report on Issues Raised in Correspondence with the Auditor General but actions in response to internal audit recommendations on obsolete equipment have not been timely.
- 23 Collaborative commissioning arrangements have helped drive some important changes for emergency ambulance services in Wales; however, the maturing arrangements require greater commitment from some partners.
- 24 I would like to thank the Trust's staff and members for their assistance and co-operation during the audit year.

Detailed report

About this report

- 25 This Annual Audit Report 2017 to the board members of the Trust sets out the findings from the audit work that I have undertaken between December 2016 and November 2017.
- 26 I undertake my work at the Trust in response to the requirements set out in the 2004 Act¹. 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 and income to which the accounts relate have been applied to the purposes intended and 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.
- 27 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 assurance;
 - 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 as part of the National Fraud Initiative (NFI) and certification of claims and returns.
- 28 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](#).
- 29 The findings from my work are considered under the following headings:
- section 1: audit of accounts
 - section 2: arrangements for securing economy, efficiency and effectiveness in the use of resources
- 30 [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 2017 Audit Plan.

¹ [Public Audit \(Wales\) Act 2004](#)

Section 1: audit of accounts

- 31 This section of the report summarises the findings from my audit of the Trust's financial statements for 2016-17. These statements are the means by which the organisation demonstrates its financial performance and sets out its net operating costs, 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.
- 32 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 prepared in accordance with statutory and other requirements, and comply with relevant requirements for accounting presentation and disclosure;
 - whether that part of the remuneration report to be audited is properly prepared;
 - whether the other information provided with the financial statements (usually the annual report) is consistent with them; and
 - the regularity of the expenditure and income in the financial statements.
- 33 In giving this opinion, I have complied with my Code of Audit Practice and the International Standards on Auditing (ISAs).

I have issued an unqualified opinion on the 2016-17 financial statements of the Trust, although in doing so, I have brought a number of issues to the attention of officers and the Audit Committee

The Trust's accounts were properly prepared and materially accurate

- 34 In general, I found that information the Trust provided to support the financial statements was relevant, reliable, comparable and relatively easy to understand. We received the draft financial statements in accordance with the prescribed deadlines. We concluded that accounting policies and estimates were appropriate and financial statement disclosures unbiased, fair and clear.
- 35 In addition, I found that improvements had been made to the working papers and the quality of the draft accounts but further improvements could be made for 2017-18. Recommendations supporting the improvements have been subsequently agreed with officers.
- 36 I am required 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 in the Audit of Financial Statements

Report to the Audit Committee on 1 June 2017. Whilst acknowledging that improvements had been made by the Trust in 2016-17, I reported that a number of further improvements were required to some of the qualitative aspects of the Trust's accounting practices. These primarily related to the Trust's arrangements to support the accounting and stewardship of its property, plant and equipment and the process to identify the remuneration of senior management and populate the remuneration report.

37 To supplement my Audit of Financial Statements Report, I also reported specific recommendations arising from my financial audit work. These recommendations were agreed with Trust officers and reported in the Final Accounts Memorandum to the Audit Committee at its meeting on the 7 December 2017 along with an accompanying management response. **Exhibit 1** summarises the key issues.

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

The following table summarises and provides comments on the key issues identified.

Issue	Auditors' comments
Property, Plant and Equipment (PPE)	<p>Of the issues identified in relation to accounting processes for PPE, key issues were noted in the following areas:</p> <ul style="list-style-type: none"> • ensuring the asset register is updated on a timely basis to remove all PPE with a nil net book value previously disposed of; • reviewing the categories of assets disclosed within the asset register to ensure correct classification; • ensuring assets disclosed within the asset register are appropriately referenced to support the physical verification of these assets; and • assets purchased and immediately classified as assets under construction need to reviewed on a timely basis to ensure they are reclassified as they become operational. <p>The Trust has subsequently purchased and is in the process of implementing a new fixed asset register.</p>
Remuneration report	<p>Our audit identified a number of amendments and additional disclosures to the remuneration note which were subsequently actioned by the Trust. We recommended that in future years, the disclosures included in the draft remuneration report should be checked and agreed with senior officers prior to the report being circulated to directors and independent members for their review. The Trust has agreed to this recommendation and the draft remuneration will be subject to the review of the Remuneration Committee.</p>

Issue	Auditors' comments
Other issues	A number of other recommendations were agreed with the Trust in respect of improvements required to some working papers and additional checks required by the Trust to ensure related party disclosures are accurate and complete.

38 My separate independent examination of the charitable funds financial statements is completed subject to the receipt of the signed financial statements from the Trust and the subsequent certification of the independent examiner's report by the Auditor General for Wales. On the basis that we have completed our field work, we reported to the Audit Committee on the 7 December 2017 that there were no issues arising from my independent examination.

My work did not identify any material weaknesses in the Trust's internal controls

39 I reviewed the Trust's internal controls that I considered to be relevant to the audit to help me identify, assess and respond to the risks of material misstatement in the accounts. I did not, however, consider them for the purposes of expressing an opinion on the operating effectiveness of internal control. My review did not identify any significant deficiencies in the Trust's internal controls.

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

40 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 planning and delivery of financial savings and their contribution to achieving financial balance;
- assessing the effectiveness of the Trust's governance and assurance arrangements through my Structured Assessment work, including a review of the progress made in addressing Structured Assessment recommendations last year;
- assessing the application of data-matching as part of the National Fraud Initiative (NFI);
- examining the governance arrangements within the Emergency Ambulance Services Committee;

- local audit reviews, which includes a follow-up of audit findings and recommendations relating to Issues Raised in Correspondence with the Auditor General; and
- reviewing the Trust's arrangements for tracking progress against external audit recommendations.

41 The main findings from the work referenced above are summarised under the following headings.

The Trust met its breakeven duty in 2016-17 and has improved its planning, monitoring and delivery of savings, but needs to rely less on transactional savings and scrutinise underperforming schemes more closely

42 In addition to commenting on the Trust's overall financial position, my Structured Assessment work in 2017 has considered the actions that the Trust is taking to achieve financial balance and create longer-term financial sustainability. I have assessed the corporate arrangements for planning and delivering financial savings in the context of the overall financial position of the organisation. I have also reviewed progress made in addressing previous Structured Assessment recommendations relating to financial management. I summarise my findings below.

The Trust met its statutory duty to break even in 2016-17 and has improved its delivery of savings over the last three years, but the success of individual schemes is highly variable

- 43 There is a statutory duty for NHS Trusts to balance income and expenditure (break-even) on a rolling three-year period, which the Trust achieved in 2014-15, 2015-16 and again in 2016-17. Despite in-year forecast positions of a slight deficit, the Trust met its break even duty and actually retained a small surplus of £49,000 at year end. The Trust achieved £4.7 million in savings by the end of 2016-17 against a target of £5.2 million.
- 44 In 2017-18, a financial savings target of £4.9 million has been set. At month seven, the Trust had delivered £2.64 million of savings against a year-to-date target of £2.85 million. While reporting a small deficit of £41,000 at month seven, the Trust is forecasting financial breakeven for the year end.
- 45 Overall, the Trust's savings targets have ranged between 3.1% and 4.1% of planned expenditure over the last three years. Actual delivery of savings targets has improved year on year. However, the success of individual savings plans varied significantly in 2016-17 and the achievement of 91% of the Trust's planned level of savings that year was due to the significant over-delivery of a small number of schemes, off-setting the under-delivery of a high number of other schemes.

The Trust has strengthened its savings approach and increased the level of recurring savings, but with increasing financial pressures more transformative schemes will be needed for a more sustainable long-term approach

- 46 During 2016-17, the Trust increased the involvement of its corporate support services in savings planning and delivery. This year it has built on lessons learned further by grouping major saving schemes into themes, supported by detailed plans that identify individual savings areas.
- 47 The Trust has consistently reduced its reliance on non-recurrent savings over the last three years. However, the Trust's savings plans for 2016-17 and 2017-18 have primarily focussed on operational and cost control schemes, and it would benefit from a greater focus on service modernisation.
- 48 The Trust is actively developing knowledge by reviewing other organisations' approaches to savings management and by exploring opportunities to benchmark internally and externally, although there is scope to develop its external benchmarking further.
- 49 For 2017-18, the Trust has strengthened its approach to savings delivery, with Executive Directors assigned as leads for each individual scheme. The Trust's performance with regard to savings delivery so far in 2017-18 is stronger than in 2016-17, which reflects the Trust's improved arrangements for savings identification and delivery.

The Trust has strengthened its accountability and monitoring arrangements, however, scrutiny of discrete savings plans lacks sufficient depth at committee level

- 50 The Trust established an Executive Finance Group (EFG) during 2016-17 to review savings and sustainability throughout the Trust. The EFG receives information on the progress of savings schemes through monthly Savings Highlight Reports. This new approach strengthens accountability for delivery of savings schemes at executive level and facilitates cross-organisational dialogue on savings.
- 51 The level of information on savings is sufficient to support scrutiny and the Board and Finance and Resources Committee routinely receive updates on the Trust's overall financial performance, including savings delivery. However, the evidence of scrutiny and challenge at Board is limited and while the Committee challenges overall performance against the savings plan, it provides limited scrutiny of specific savings schemes that are under-achieving.
- 52 The risks that savings schemes may present for service performance and/or quality are considered during the planning stage for savings schemes. However, changes to risks or emerging risks are not regularly reported within the Trust's savings reports.

The Trust is taking steps to address previous recommendations relating to the savings plans and asset management controls, but there is more to do

- 53 The Trust has made good progress in developing delivery plans to support cost improvement programmes with detailed plans underpinning each savings 'theme'. These plans recognise how a number of individual schemes contribute to a particular theme. There is a clear golden thread linking savings plans from budget holder to individual savings scheme and to overall savings theme. However, there are areas where the Trust could further improve its approach to savings, eg through greater scrutiny of savings that are under-achieving.
- 54 The Trust can also demonstrate progress in strengthening its asset management controls, although a number of the issues identified in 2015-16 still need to be addressed and some further issues were identified through this year's work. These were reported in the 2016-17 Final Accounts Memorandum (as outlined in **Exhibit 1**) to the Trust's Audit Committee in December along with the Trust's management response. The management response details the actions the Trust has been taking to address the matters raised, along with its remaining actions for fully addressing all the issues identified.

While the Trust continues to strengthen its planning and governance arrangements, it would benefit from increasing the pace of change in some key areas

- 55 My Structured Assessment work has assessed the Trust's governance and assurance arrangements. This included the effectiveness of the board and its governance structures and the progress made in addressing previous Structured Assessment recommendations and improvement issues. My findings are set out below.

The Trust's approach to strategic planning continues to mature and it is developing its long-term strategy and its approach to strategic change management

- 56 This year the Welsh Government approved the Trust's Integrated Medium Term Plan (IMTP) for a second consecutive year. The Trust has learned from the first iteration of its IMTP in 2016-17 and has an ambition to develop a long-term strategy for 2017-30, indicating growing maturity in its strategic planning. However, while it is engaging in developing its approach to strategic change management, it has made less progress than intended. Capacity issues also caused slippage against some of the Trust's IMTP actions during 2016-17 and in Quarter One of 2017-18.

The Trust is strengthening the structure of its clinical and operational departments, but building capacity in corporate functions remains a challenge

57 The Trust has made changes to the organisational structure of two key departments during 2016-17 in order to strengthen its clinical department and encourage better operational working across boundaries. These changes have been well-received by both Executive and Non-Executive Directors. However, while some changes have been made to the Trust's corporate functions, the stretched capacity of corporate functions continues to limit the pace with which the Trust can drive strategic change under the IMTP. The planned review of the Trust's back office functions in 2018 should provide an opportunity to identify and make plans to address capacity needs in some corporate areas.

Board and committee meetings are generally effective and open, however, the Trust must maintain pace in strengthening several areas of governance

58 The Trust is focussed on identifying and addressing the development needs of Board members, which will support continuity during the transition to a new Chair in 2018.

59 Board and committee meetings continue to generally be working effectively and recent self-assessments and work to benchmark committees should lead to greater clarity on their roles and responsibilities. The Trust has mapped the sub-groups that operate beneath its Quality, Patient Experience and Safety Committee, and has plans to extend this exercise across other areas of scrutiny and assurance, taking a risk-based approach, starting with Information Technology in 2018.

60 The Trust has approved a Policy for the Development, Review and Approval of Policies (also known as the 'policy on policies'). However, it recognises that reviewing and updating the out-of-date policies currently in place will take some time.

61 Our Structured Assessment 2016 report highlighted that some key items were not easily accessible on the Trust's website in accordance with the requirements of the Welsh Health Circular (2016) 033. Further review as part of this year's work shows that this is still an issue. Structured Assessment 2016 also highlighted issues around the timeliness of committee papers. Whilst there has been some improvement in terms of the timeliness and quality of committee papers during 2016-17, there continue to be instances of late papers and there are opportunities for the Trust to further improve committee papers, such as by being more assurance focussed.

62 Structured Assessment 2016 contained a number of observations relating to the Audit Committee tracker. During 2017, the Trust has reviewed the ownership and purpose of the tracker and the actions included on the tracker. While this is promising progress, the Trust could further clarify the recorded actions on the tracker. The Trust has also made progress in strengthening its clinical audit and effectiveness programme. In 2017, the Trust brought the two functions together, altered the approach for submitting audit bids and designated a committee to monitor the audit programme throughout the year.

The Trust continues to embed its new risk management strategy and continues to develop its recently approved Board Assurance Framework

- 63 The Trust recently approved its Board Assurance Framework (BAF). Assessment against my review of Board Assurance Frameworks in place across NHS bodies in Wales, shows that the Trust's BAF covers a range of information, but that it could be strengthened in several areas. Work is ongoing to continuously improve the BAF and ensure that members fully understand and embrace the approach of the BAF.
- 64 The Trust is making good progress in embedding its new Risk Management Strategy and encouraging consistency in the identification and management of risk.

The Trust is taking steps to strengthen information governance and achieve compliance with the requirements of new legislation by May 2018 but has more to do

- 65 The Trust has a Caldicott Guardian and Senior Information Risk Officer (SIRO) in place. Compliance with Caldicott: Principles into Practice (C-PIP) has improved and the Trust is now achieving a five star rating. A paper outlining the requirements of General Data Protection Regulation (GDPR) was presented to the Executive Management Group and the Quality, Patient Experience and Safety Committee in September 2017. The Trust is aware of the need to update key policies in order to comply with the requirements as out-of-date policies pose a risk of exposing the Trust to significant fines from the Information Commissioner's Office (ICO) if not reviewed by May 2018.

Performance monitoring arrangements are well developed and continue to strengthen, although it will be important to ensure these now focus more closely on amber calls, where performance is deteriorating

- 66 During 2017, the Trust made improvements to its Integrated Quality and Performance Report (IQPR) following comments in my Structured Assessment Report 2016. The Trust is planning further improvements to its performance management in 2017-18, including procuring an electronic dashboard.
- 67 The Trust's performance for red calls continues to improve and exceed the national target and the Trust is working to manage demand in line with the five-step pathway. However, performance with regard to amber calls has deteriorated, with patients waiting longer each year and the Trust is focussed on making improvements in this area.

The Trust has not made effective use of the NFI to detect fraud and overpayments, but the recent addition of a new counter fraud officer provides an improvement opportunity

- 68 The NFI is a biennial data-matching exercise that helps detect fraud and overpayments by matching data across organisations and systems to help public bodies identify potentially fraudulent or erroneous claims and transactions. It is a highly effective tool in detecting and preventing fraud and overpayments, and helping organisations to strengthen their anti-fraud and corruption arrangements.
- 69 Participating bodies submitted data to the current NFI data matching exercise in October 2016. The outcomes were released to participating bodies in January 2017.
- 70 The Trust is a mandatory participant in NFI. In January 2017, the Trust received 1,791 data-matches through the NFI web application. Data-matches highlight anomalies which when reviewed can help to identify fraud and error. Whilst organisations are not expected to review all data-matches, some of the matches are categorised as 'recommended matches'. These are matches considered to be of high risk and therefore recommended for early review. The data-matches received by the Trust included 105 recommended matches. The NFI web-application, which records the findings of the Trust's review of its data-matches shows that, as at 20 November 2017, the Trust had made very limited progress in reviewing the data-matches and has not made effective use of NFI as part of its arrangements to prevent and detect fraud.
- 71 It will be important that the Trust takes action to review the matches it receives from that exercise are reviewed and where necessary investigated in a timely manner. The Trust has recently appointed a counter fraud officer and expects this appointment to lead to improvements in the management of counter fraud at the Trust in general and work is currently progressing to review the high risk data matches. The Trust is due to provide data for the next NFI exercise (NFI 2018-19) in October 2018.

The Trust is making good progress in addressing the majority of issues identified in last year's Structured Assessment, but the pace of change in addressing remaining recommendations is slow

- 72 My 2016 Structured Assessment report contained 10 recommendations for the Trust. Fieldwork during Structured Assessment this year showed that the majority of recommendations had either been completed or were showing good progress. However, there was no progress with regard to my recommendation for the Trust to comply with the requirements of the Welsh Health Circular (2016) 033, which requires the Trust to ensure all prescribed information is publically accessible, assess the content and accessibility of the Trust website. I have therefore repeated this recommendation in this year's Structured Assessment.

- 73 In addition to reviewing the actions taken to address my 2016 Structured Assessment recommendations, I also considered the effectiveness of the Trust's wider arrangements to respond to my audit recommendations. I found that the Trust has made a number of improvements to its arrangements for tracking management responses to audit recommendations and reporting progress during 2017. The Trust continues to encourage ownership of the tracker from its management team, and the Audit Committee now requests the attendance of relevant managers at its meetings to respond to reports of limited assurance relating to their department. Information recorded on the Trust's tracker is largely consistent with our assessment of the status of 2017 Structured Assessment recommendations.
- 74 I also found that the Trust has made arrangements to track progress against the recommendations of the Clinical Risk Assurance Review, published in May 2017, commissioned by the Emergency Ambulance Services Committee. The report made a number of recommendations in areas relating to each of the Framework's six core requirements. They highlighted lack of discussion at Board about the risk maturity of the organisation during 2016 and the need to ensure mitigating actions meet risk target scores, where possible. The Trust has responded to a number of recommendations that are tracked on an ongoing basis through the Quality, Patient Experience and Safety Committee.

The Trust is committed to continuous improvement, but the pace at which it is implementing change is limited

- 75 My Structured Assessment work has assessed the Trust's use of resources. This included the effectiveness of workforce planning and management arrangements, estates and asset management, and stakeholder engagement and partnership working. This year I also undertook a follow-up review of audit findings and recommendations in response to the report on Issues Raised in Correspondence with the Auditor General originally published in 2015. My findings are set out below.

The Trust is strengthening the vision for its estate, stakeholder engagement and workforce planning, however managing assets and sickness absence continues to present challenges

- 76 My Structured Assessment work has reviewed how a number of key enablers of efficient, effective and economical use of resources are managed. This work has indicated that the Trust is making progress in a number of areas relating to use of resources, particularly in terms of workforce planning, strategic estates planning and stakeholder engagement. However, despite targeted work during the year, sickness absence rates have not decreased in line with the Trust's plans and my work on the Financial Accounts Memorandum identified a number of issues relating to the Trust's asset management. My key findings are summarised in [Exhibit 2](#).

Exhibit 2: progress in implementing audit recommendations in specific service areas

The following table summarises the key findings on use of resource enablers from Structured Assessment.

Issue	Summary of findings
Workforce planning	The Trust is strengthening its workforce planning arrangements, and has been successful in improving aspects of workforce management, but reducing sickness absence remains a challenge as at August 2017, the sickness rate stood at 7% against a target of 5.9%.
Estates and assets	The Trust has articulated its vision for its estate through an approved Strategic Outline Programme and is seeking to improve the accuracy and consistency of its asset management through the procurement of an Asset Management System.
ICT and use of technology	The Trust is actively pursuing modernisation through improving its technological systems but support is limited due to resource pressures.
Stakeholder engagement and partnership working	The Trust is demonstrating a commitment to working with partners and is utilising public engagement to inform its long-term strategy.

The Trust has taken appropriate action to implement the recommendations made in my December 2015 report in response to Assembly Member concerns but actions in response to internal audit recommendations on obsolete equipment have not been timely

- 77 During the last 12 months, I have also undertaken follow-up audit work to assess the progress that the Trust has made in addressing concerns and recommendations arising from previous audit work.
- 78 In December 2015, I reported the findings of my review into concerns raised with him by an Assembly Member (AM). These concerns related to the propriety and value for money of some of the Trust practices which had been raised with the AM by members of the Trust's staff.
- 79 My review found that whilst the majority of the concerns had no substance, there was no reason to doubt that the issues were raised in good faith. Several of the concerns arose due to members of staff not being aware of changes in operational policy or did not have a full understanding of the Trust's systems and procedures.

- 80 The report included several recommendations relating to the need to make the Trust's staff communication strategy and mechanisms more effective. I also recommended that the Trust undertake further review of certain areas where I was unable to obtain sufficient assurance that the concerns were unfounded.
- 81 My follow-up review of progress made found that the Trust has taken appropriate action to address all the recommendations made in 2015. Where I recommended that Internal Audit undertake further work, the Audit and Assurance Service has completed that work. Whilst this additional work identified some significant weaknesses in internal control, the Trust is taking appropriate steps to address the weaknesses identified.
- 82 The follow-up report found that good progress had been made to address Audit and Assurance Services' recommendations in respect of vehicle disposals. However, it was a concern that there was significant slippage in the agreed dates to implement the recommendations made by the Audit and Assurance Service's report on the disposal of obsolete, surplus equipment, particularly as this report identified serious deficiency in the disposal arrangements.

Collaborative commissioning arrangements have helped drive some important changes for emergency ambulance services in Wales; however, the maturing arrangements require greater commitment from some partners.

- 83 My review of the all-Wales arrangements for commissioning emergency ambulance services found that the Emergency Ambulance Services Committee (EASC) has helped drive some important changes, such as the development of the CAREMORE®² model. However, structures and roles to secure accountability for emergency ambulance services are unclear. I found that there is scope to clarify the roles of EASC, the Welsh Government and the Chief Ambulance Services Commissioner in relation to emergency ambulance service performance, finance and service modernisation. Although the formation of EASC has supported all-Wales ownership of emergency ambulance services, my team identified that EASC needs to do more to drive through service transformation. In addition, the sub-group structure, which underpins EASC, lacks clarity and purpose, which is impacting on attendance by health board staff and the ability of the subgroups to make a meaningful contribution.

² The CAREMORE® model is a 'made in Wales' commissioning method. Its registered trademark belongs to Cwm Taf University Health Board on behalf of NHS Wales.

- 84 Partners support the commissioning model but the pace with which health boards are driving the necessary changes to enable it to work as intended varies, and the model does not consider regional or cross-border activity. My work identified that there is a general willingness of the Trust and health boards to work together to improve ambulance services. However, the level of ownership of emergency ambulance performance and pathway modernisation by health boards is variable. In addition, there is a predominant focus on the latter stages of the ambulance pathway, such as, ambulance handovers. I reported that the Trust is properly responding to agreements set out by EASC, however, health boards' compliance with and level of understanding of the requirements set out in CAREMORE® vary.
- 85 My work found that commissioning arrangements were underpinning some improvements to emergency ambulance services. The introduction of the new clinical response model had supported partners to achieve Welsh Government performance targets, with the potential for further performance improvements from other recently agreed initiatives. Planned service changes and performance monitoring of partners were becoming increasingly aligned with the Ambulance Patient Care Pathway (referred to as the five-step model). However, more consistency was needed across health boards and it was too soon to say if this is having an impact. There was a significantly improved and broader set of measures which focussed on activity and performance through the Ambulance Quality Indicators. However, more work was needed to fully understand patients' outcomes and experience when receiving emergency ambulance care.

Appendix 1

Reports issued since my last annual audit report

Exhibit 3: reports issued since my last annual audit report

The following table lists the reports issued to the Trust in 2017.

Report	Date
Financial audit reports	
Opinion on the Financial Statements	1 June 2017
Audit of Financial Statements Report	7 December 2017
Performance audit reports	
Emergency Ambulance Services Commissioning	April 2017
Issues Raised in Correspondence with the Auditor General: Follow-up of Audit Findings and Recommendations	November 2017
Structured Assessment 2017	December 2017 (Draft)
Other reports	
2017 Audit Plan	March 2017

Exhibit 4: performance audit work still underway

There is one local performance audit still underway at the Trust. This is shown in the following table, with the estimated date for completion of the work.

Report	Estimated completion date
Adoption of Well-being of Future Generation principles The Trust is not a prescribed body under the Well-being of Future Generations (Wales) Act 2015 but is committed to adopting the sustainable development principles. The work will inform a picture of how the Trust is progressing with this commitment. My work will compare the Trust's approach with how prescribed bodies are responding to the Act, from work done to inform my year-one commentary on the implementation of the Act. I will also seek to highlight areas where the Trust's wider contribution could be valuable.	March 2018

Appendix 2

Audit fee

The 2017 Audit Plan set out the proposed audit fee of £150,118 (excluding VAT). My latest estimate of the actual fee is £159,739. The increase is due to additional financial audit work undertaken in respect of property, plant and equipment, the remuneration report and related party disclosures. The additional fee amounts to £9,621.

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