



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

March 2011

Author: Auditor General for Wales

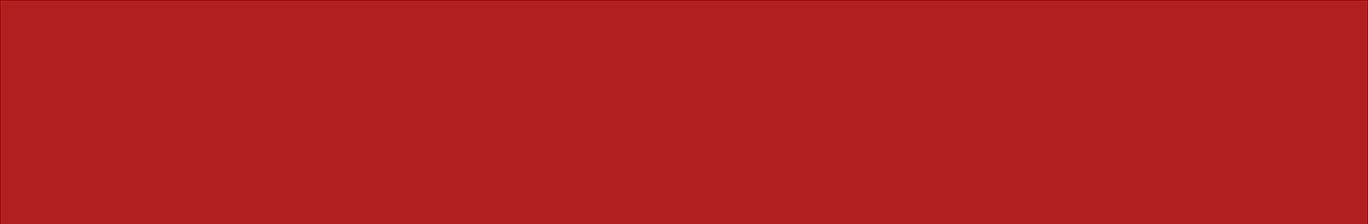
Ref: 203A2011

Annual Audit Report 2010

**Abertawe Bro Morgannwg
University Health Board**

Contents

Summary	4
Detailed Report	
About this report	8
Section 1: Audit of Accounts	9
I have issued an unqualified opinion on the financial statements of the University Health Board, although in doing so I have brought several issues to the attention of officers and the Audit Committee	9
Section 2: Arrangements for securing economy, efficiency and effectiveness in the use of resources	11
Whilst governance arrangements are broadly sound, further work is needed to strengthen arrangements in some important areas	11
There is positive evidence that 'enablers' are being developed and used to support the Health Board's efficient, economic and effective use of resources, although further progress is needed in some areas	14
The Health Board has effective in-year financial planning and budget monitoring, but faces challenges to achieve its financial targets for 2010-11 and beyond	16
Performance audit reviews have highlighted some positive developments across the organisation along with specific challenges for the Health Board in addressing variations and gaps in service provision	17
Appendices	
Reports issued since my last Annual Audit Letter	20



Status of this report

This document has been prepared for the internal use of Abertawe Bro Morgannwg University Health Board as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.

Summary

1. An interim annual letter was presented to Abertawe Bro Morgannwg University Health Board (the Health Board) in June 2010. That report related to my audit work in the final six month period to 30 September 2009 of the Health Board's predecessor bodies.
2. This report summarises the findings from audit work I have undertaken at the Health Board during the latter part of 2009 and throughout 2010.
3. The work I have done at the Health Board allows me to discharge my responsibilities under the Public Audit (Wales) Act 2004 in respect of the audit of accounts and the Health Board's arrangements to secure efficiency, effectiveness and economy in its use of resources.
4. I have adopted a risk-based approach to planning the audit, and my audit work has focused on the significant financial and operational risks facing the Health Board, 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 agreed with officers and presented to the Audit Committee. The reports I have issued are shown in Appendix 1.
5. The findings I have set out in this report need to be taken in the context of the major structural re-organisation which has occurred in the NHS in Wales over the last 18 months, and the programme of nationally driven work that is underway to address health inequalities, mixed performance and financial sustainability. Collectively this represents a significant and extremely challenging change agenda for the Health Board and its staff.
6. This report identifies a number of areas where arrangements and services need to be further developed. Given the scale of the change agenda within the NHS, it is inevitable that many corporate arrangements and service delivery areas within the Health Board are going to be either under review, or in the process of change.
7. It is important that the key messages from my audit work, which are summarised in this report, are used as a stimulus and focus for management attention to ensure that where improvements are necessary, they are implemented as quickly as possible.

Audit of accounts

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

8. My work on the audit of accounts has led me to give an unqualified opinion on the financial statements of the Health Board.
9. I have also concluded that:
 - the Health Board's accounts were properly prepared and materially accurate;
 - the Health Board had an effective internal control environment to reduce the risks of material misstatements to the Financial Statements; and
 - the Health Board's significant financial and accounting systems were appropriately controlled and operating as intended.
10. In giving an unqualified opinion, I have drawn the Health Board's attention to a number of issues:
 - the Health Board may need to amend its approach to accounting for replaced assets once there is clarity on changes in the accounting standards;
 - the number of adjustments to the draft financial statements suggests there is scope for improvement in the way they are prepared and reviewed; and
 - the Health Board needs to maintain the momentum in resolving Continuing Healthcare claims.
11. The Health Board achieved financial balance at the end of 2009-10, partly as a result of additional, non recurring funding from the Assembly Government.

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

Whilst governance arrangements are broadly sound, further work is needed to strengthen arrangements in some important areas

12. The Health Board's governance arrangements are still developing and need further work to ensure they provide a framework that drives improvement and within which key risks are managed effectively.
 - The Health Board has set out a clear five year vision which will need to be embedded in operational service delivery.
 - A clear organisational structure with good clinical engagement has been put in place and communicated, but more clarification is needed on the relationship of locality and directorate working.
 - There are appropriate structures and schemes of delegation in place to govern the business, but arrangements need to evolve to improve coordination of the governance framework.

-
- A risk management strategy and framework have been developed although arrangements now need to be consistently implemented and a culture of risk management and organisational learning reinforced.
 - Most aspects of internal control are effective and the Health Board is taking action to further strengthen the overall assurance framework.
 - Whilst comprehensive arrangements for reviewing and monitoring high level performance and Annual Operating Framework (AOF) targets are in place, more work is needed to develop patient and outcome focused measures.
 - Well developed arrangements to promote and ensure probity and propriety are in place, with a strong anti fraud culture and clear codes of conduct.

There is positive evidence that ‘enablers’ are being developed and used to support the Health Board’s efficient, economic and effective use of resources, although further progress is needed in some areas

13. Sound management of key resources such as people and assets is an essential feature in achieving good value for money. Through my audit work I have identified that:
- workforce planning is being progressed and is seen as a priority, however workforce plans that are fully responsive to the Health Board’s service changes and financial pressures have yet to be finalised;
 - while arrangements for operational delivery are effective and well defined, there is an opportunity for greater strategic use of the IM&T service across the Health Board;
 - the Health Board’s approach to estate and asset management is broadly sound and supports a co-ordinated approach to service and capital planning;
 - the Health Board has an effective procurement function that is well positioned to generate future savings through strategic, collaborative and sustainable procurement;
 - the Health Board is committed to developing partnership working and has good foundations on which to build; and
 - the Health Board has adopted a number of positive approaches to public and patient engagement and is continuing to evolve and mature these arrangements.

The Health Board has effective in-year financial planning and budget monitoring, but faces challenges to achieve its financial targets for 2010-11 and beyond

14. The Health Board's general financial management arrangements are satisfactory but issues of financial sustainability going forward remain a significant concern:
- in-year financial planning is sound and whilst there is a high level medium term financial plan, detailed plans underpinning it are still being developed;
 - monitoring of performance against budgets and financial targets is well embedded but could be further improved by clearer links between financial performance and operational activity; and
 - the Health Board faces a challenge to delivering the remainder of its in-year savings plan and achieve its forecast break even position at 31 March 2011.

Performance audit reviews have highlighted some positive developments across the organisation along with specific challenges for the Health Board in addressing variations and gaps in service provision

15. My performance audit work at the Health Board has included reviews of a number of specific service areas. Collectively these have highlighted positive developments across the organisation together with the need to address variations and gaps in service provision. I have drawn this conclusion following detailed audit work on:
- accuracy of waiting list data;
 - adult mental health services;
 - hospital catering;
 - realising the benefits of the new consultant contract
 - ward staffing; and
 - review of arrangements to implement Wales Audit Office reports.

Agreeing my findings with the Executive Team

16. This report has been agreed with the Chief Executive and the Director of Finance. It will be presented to the Audit Committee on 26 May 2011. It will then be presented to a subsequent Board meeting and a copy provided to every member of the Health Board.
17. The assistance and co-operation of the Health Board's staff and members during the audit is gratefully acknowledged.

About this report

18. This Annual Audit Report to the Board members of the Health Board sets out the key findings from audit work undertaken between October 2009 and December 2010.
19. My work at the Health Board is undertaken in response to the requirements set out in the Public Audit (Wales) Act 2004. The Act requires me to:
 - a) examine and certify the accounts submitted to me by the Health Board;
 - 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 Health Board has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
20. In relation to (c), I have drawn assurances or otherwise from the following sources of evidence:
 - the results of audit work on the Health Board's financial statements;
 - work undertaken as part of my structured assessment of the Health Board, examining the arrangements for financial management, governance and accountability, and management of resources;
 - performance audit examinations undertaken at the Health Board;
 - 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.
21. I have issued a number of reports to the Health Board this year. The messages contained in this Annual Report represent a summary of the issues presented in these more detailed reports, a list of which is included in Appendix 1.
22. The detailed report arising from my structured assessment work is still being finalised, although the messages from that work that are reported here have been agreed with Executive Directors.
23. The findings from my work are considered under the following headings:
 - audit of accounts; and
 - arrangements for securing economy, efficiency and effectiveness in the use of resources
24. The Audit Strategy for 2010 set out the proposed audit fee of £455,886 (plus VAT). My latest estimate of the actual fee, on the basis that some work remains in progress, is that it is in line with the proposed fee.

Section 1: Audit of accounts

25. This section of the report summarises the findings from my audit of the Health Board's financial statements for 2009-10. 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. Examination of an organisation's financial statements is an essential element in demonstrating appropriate stewardship of public money.

My responsibilities

26. In examining the Health Board's financial statements, auditors are required to give an opinion on:
- whether they give a true and fair view of the financial position of the Health Board and of its income and expenditure for the period in question;
 - whether they are free from material misstatement – caused by fraud or other irregularity or 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.
27. In giving this opinion, auditors are required to comply with International Standards of Auditing (ISAs).
28. In undertaking this work, auditors have also examined the adequacy of the:
- Health Board's internal control environment; and
 - financial systems for producing the Financial Statements.

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

The Health Board's accounts were properly prepared and materially accurate

29. We received the draft financial statements for the year-ended 31 March 2010 by the deadline of 14 May 2010, which was a considerable achievement. The Finance department have faced a significant challenge in the first year of the Health Board bringing together financial systems and establishing financial planning, budgetary control and reporting arrangements.

30. 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 Partner reported these issues to the Health Board's Audit Committee on 29 June 2010. Exhibit 1 summarises the key issues set out in that report.

Exhibit 1: Issues identified in the ISA 260 Report

Issue	Auditors comments
Future application of accounting standards	The Health Board may need to amend its approach to accounting for replaced assets once there is clarity on changes in the accounting standards
A number of corrections were made to the financial statements	The number of adjustments to the draft financial statements suggests there is scope for improvement in the way they are prepared and reviewed. The adjustments were, however, mostly reclassifications and disclosures within the notes to the accounts. We have already discussed potential improvements to the accounts and audit approach with management.
Identification and resolution of continuing healthcare claims	The Health Board needs to maintain the momentum in resolving Continuing Healthcare claims, making appropriate provisions when a liability is recognised.

The Health Board achieved financial balance at the end of 2009-10, partly as a result of additional non-recurring funding from the Assembly Government

31. The Health Board achieved financial balance at the end of 2009-10 following additional non-recurrent funding of £0.65 million from the Assembly Government in relation to provisions for continuing healthcare costs. However, the underlying financial position remains a concern with large overspends continuing on some budgets.

The Health Board had an effective internal control environment to reduce the risks of material misstatements to the Financial Statements

32. In considering the internal control environment, I assess arrangements that include high-level controls over the main accounting and budgetary control systems, 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.
33. I found that controls were operating effectively as intended and therefore formed a reliable basis for preparing the Financial Statements.
34. Internal audit work undertaken during the year generally 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 2010. Internal Audit are working towards full compliance with the revised standards

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

35. I did not identify any significant weaknesses within the Health Board's financial systems. However, the Health Board could strengthen controls in 2011 by updating financial procedures to reflect the creation of the Health Board and by fully recording all clinical negligence and personal injury cases on the LASPAR computer system.

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

36. 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. To assist in meeting this requirement, auditors have undertaken a 'structured assessment' of the relevant corporate arrangements in the Health Board. The findings from this work have considered the arrangements for:
- governance and accountability;
 - using key 'enablers' to support the efficient, effective and economical use of resources; and
 - financial management
37. This section of the report also summarises the findings from a number of specific performance audit reviews I have undertaken at the Health Board over the last 12 months.

Whilst governance arrangements are broadly sound, further work is needed to strengthen arrangements in some important areas

38. High standards of governance and accountability are fundamental requirements in demonstrating effective stewardship of public money and the efficient, effective and economical use of resources. Boards of NHS bodies need to ensure that they have an effective 'assurance framework' in place to support decision making and to scrutinise performance. As part of the Structured Assessment, auditors have examined the Health Board's arrangements for governance and accountability.
39. I have drawn the conclusion set out above as result of the following findings.

The Health Board has set out a clear five year vision which will need to be embedded in operational service delivery

40. The Health Board involved partners and staff representatives in developing the 5 year plan, 'Changing for the better', which sets out the Health Board's vision and strategic direction and objectives in a way consistent with the Assembly Government guidance. Broad outcome measures have been identified and, whilst not explicitly documented, there are coherent and consistent linkages between the strategy, operational plans and the one year corporate plan.

41. The challenges for the Health Board going forward are to develop measurable targets and quantifiable outcomes, and motivate staff to drive through a programme of significant service changes that achieve the ambitious in-year objectives.

A clear organisational structure with good clinical engagement has been put in place and communicated, but more clarification is needed on the relationship of locality and directorate working

42. The Health Board consulted staff and partners on the organisational structure, which provides a well-defined framework to support operational delivery. The structure promotes a whole system approach across primary, community, mental health and acute services with a strong clinical focus. Arrangements are in place below executive director and Board levels to ensure that directorates and localities are contributing to the delivery of organisational objectives.
43. However, some areas need to continue to develop, such as shared executive responsibilities for key areas such as performance management and clinical governance. Other challenges include the clarification of the working relationship between localities and directorates on patient treatment pathways, and the capacity of localities to pursue opportunities for greater partnership working.

There are appropriate structures and schemes of delegation in place to govern the business, but arrangements need to evolve to improve coordination of the governance framework

44. The Board and its supporting committee structures are in place, and the Board Chair has appointed leads and champions in specific areas of the Health Board's functions and activities. A scheme of delegation has been applied to help the Board and executive directors focus on key priorities and issues
45. Work continues on clarifying the governance assurance framework, and a clear audit trail of actions taken in response to the scrutiny of the Board and its committees needs to be implemented.

A risk management strategy and framework have been developed although arrangements now need to be consistently implemented and a culture of risk management and organisational learning reinforced

46. A comprehensive risk management strategy has been developed and there is a risk framework supporting the corporate plan.
47. However, not all parts of the Health Board use this strategy and framework to assess risks in a consistent way. In addition, some aspects of the framework are not operating effectively, such as the handling of claims and incidents, while some aspects, such as specific risks relating to partnerships, need more clarification. The Health Board is very aware of these weaknesses and action is being taken to address these, and embed a culture of risk management and organisational learning

Most aspects of internal control are effective and the Health Board is taking action to further strengthen the overall assurance framework

- 48. The Health Board has a very effective Internal Audit function that provides a high level of assurance and complies with the revised internal audit standards in most respects. There are also robust arrangements in place to monitor compliance with Standing Orders and Standing Financial Instructions.
- 49. The Health Board has recognised that the evidence underpinning the Statement on Internal Control is not fully documented yet, and has undertaken a mid-year review to address this shortcoming for the 2010-11 year end. The Board's sub-committees are also clarifying their terms of reference to better support the organisation's governance and internal control arrangements.

Whilst comprehensive arrangements for reviewing and monitoring high level performance and AOF targets are in place, more work is needed to develop patient and outcome focused measures

- 50. Comprehensive arrangements for reviewing and monitoring high level performance and AOF targets are successful in identifying and highlighting problems in the key local and national target areas.
- 51. The Health Board recognises that performance measurement and management is not comprehensively driving improvement across the service but work is ongoing to develop improved systems and outcome measures, particularly around the quality of services and improving patient safety.

Well developed arrangements to promote and ensure probity and propriety are in place, with a strong anti fraud culture and clear codes of conduct

- 52. Codes of conduct are in place and arrangements to monitor compliance are broadly sound. The Health Board has developed a strong anti-fraud culture and the approach to counter fraud is robust, with an active and effective Local Counter Fraud Specialist function that reports regularly to the Audit Committee.

There is positive evidence that ‘enablers’ are being developed and used to support the Health Board’s efficient, economic and effective use of resources, although further progress is needed in some areas

53. Sound management of key resources such as people and assets is an essential feature in achieving good value for money. Plans for service development and cost savings need to be underpinned by effective workforce planning, partnership working and engagement with the community. This section of the report summarises my findings in the following areas:

- workforce planning arrangements;
- information management & technology (IM&T)
- asset management;
- procurement;
- working with partner organisations; and
- engaging with service users.

Workforce planning is being progressed and is seen as a priority; however, workforce plans that are fully responsive to the Health Board’s service changes and financial pressures have yet to be finalised

54. The Health Board is developing increasingly robust workforce plans, based on a clearer strategic direction. Areas of weakness, such as agenda for change anomalies, are being addressed as a priority. Data quality is improving and Human Resources is taking a lead in promoting the development of enhanced data systems.

55. There appears to be a balanced approach to achieving increased productivity/ efficiencies and making cost reductions, as part of work to remodel the Health Board’s staff skill mix, although there are limited measurable outcomes to date. Work is also underway to determine the training needs and introduce a standardised appraisal and performance development system to enable delivery of strategic workforce objectives.

While arrangements for operational delivery are effective and well defined, there is an opportunity for greater strategic use of the IM&T service across the Health Board

56. The Health Board’s IM&T service is built on very good, inherited arrangements and there is effective delivery at an operational level, with the makings of an effective scrutiny function.

57. The Information Strategy Governance Board (ISGB) was only established in September 2010. As a result, its membership, focus and reporting lines to the main Board are embryonic. There is currently little clarity on how the ISGB will fulfil both its strategic and user engagement roles in an effective way, or how the Health Board plans to use information as strategic resource.

The Health Board's approach to estate and asset management is broadly sound and supports a co-ordinated approach to service and capital planning

58. The draft Estates Strategy covers the entire organisation and aims to promote wider service modernisation, focusing on the primary care estate, sustainability and partnership working. Whilst the Health Board receives reports only on the capital programme, capital performance and plant maintenance are reviewed based on national indicators and Welsh Health Estates information.
59. There is a Health Board wide asset register, although plans are being developed to improve accuracy and asset tracking by delegating these responsibilities to Directorates and localities.

The Health Board has an effective procurement function that is well positioned to generate future savings through strategic, collaborative and sustainable procurement

60. The Health Board's Procurement Strategy sets out the role that procurement can play and includes clear cost improvement targets. The procurement function is well positioned in the management structure, has robust operational arrangements and staff have the essential qualifications they need.
61. Nonetheless, there is potential to extend the influence of this function more widely within the Health Board, to improve collaborative procurement with partners, and build sustainable procurement into arrangements.

The Health Board is committed to developing partnership working and has good foundations on which to build

62. The Health Board is committed to partnership working and is developing arrangements to improve partnerships with all sectors, for example through the joint Locality Director appointment with Bridgend County Council. Partnership working in the acute sector (in Directorates) is changing as the role of Localities in managing community and primary care services develops further.
63. However, the reorganisation has affected and in some cases impeded the development of partnership working, for example, where there is limited staff capacity to pursue opportunities for partnership working in the localities.

The Health Board has adopted a number of positive approaches to public and patient engagement and is continuing to evolve and mature these arrangements

- 64. The Health Board has inherited strong communications and patient experience teams that are independently delivering high quality work to specific service user groups.
- 65. The Health Board needs to develop a more co-ordinated approach to corporate communications and patient/public engagement activities, particularly in developing the relationship with the new Community Health Council. The Health board will also need to support the Localities as they engage more widely with stakeholders as part of developing and implementing community service changes.

The Health Board has effective in-year financial planning and budget monitoring, but faces challenges to achieve its financial targets for 2010-11 and beyond

In-year financial planning is sound and whilst there is a high level medium term financial plan, detailed plans underpinning it are still being developed

- 66. The Health Board has an annual financial plan based on robust financial projections and risk assessment by key operational staff and dedicated finance leads. It is reviewed and updated by executive directors throughout the year and is underpinned by detailed financial plans with clear links to services, supported by savings plans. The plans and priorities of the Assembly Government and other bodies are taken into account but there is scope to improve consultation with key partners and other stakeholders.
- 67. The Health Board has taken an inclusive approach to these in-year savings plans, as the individual directorates and localities have compiled and agreed them. However, these savings plans do not necessarily focus on the in-year challenges and, whilst robust monitoring arrangements are in place, it is unlikely the full programme of cost savings will be delivered by the year end.
- 68. There is also a high level, medium term financial plan but the Health Board recognises that further work is required to develop underlying detailed plans and ensure staff are fully aware of the severe financial challenges ahead.

Monitoring of performance against budgets and financial targets is well embedded but could be further improved by clearer links between financial performance and operational activity

- 69. Effective budget monitoring procedures are well embedded throughout the Health Board with regular accurate and detailed reporting to budget holders. Progress in achieving planned efficiency savings is regularly reported and closely monitored throughout the organisation and by the Board. However, higher level reports would benefit from better links of financial implications to operational activity to promote debate and discussion.

The Health Board faces a challenge to delivering the remainder of its in-year savings plan and achieve its forecast break even position at 31 March 2011

70. For 2010-11, the Health Board was required to achieve cost savings of £77.4 million. Of this total, £24 million was identified from the outset as requiring high risk measures to deliver it and this position was reported to the Assembly Government and the Board. In January 2011, the Assembly Government confirmed a supplementary funding allocation for £24 million. On this basis, and taking account of the current progress against the remaining savings plans of approximately £55 million (approximately 5.5 per cent of its total planned expenditure), the Health Board is forecasting a break even position at 31 March 2011. The challenge remains for the Health Board to deliver the remainder of the savings plan to meet this target.

Performance audit reviews have highlighted some positive developments across the organisation along with specific challenges for the Health Board in addressing variations and gaps in service provision

71. This section of the report brings together the findings from performance audit work which has looked at specific areas of service delivery within the Health Board. It summarises the findings from work carried out on:
- accuracy of waiting list data;
 - adult mental health services;
 - hospital catering;
 - realising the benefits of the new consultant contract
 - ward staffing; and
 - arrangements for implementing Wales Audit Office reports.

68. The findings from the performance audit reviews are summarised in Exhibit 2 below.

Exhibit 2: Programme of performance work

Accuracy of waiting list data

This review has found that the data accuracy and the arrangements for recording and reporting waiting list information are acceptable. We reached this conclusion because:

- The data generally complies with Assembly Government guidance and most elements of good practice for recording and reporting waiting list information are in place. However, the approach to checking data accuracy could be strengthened as there is currently no routine audit of Referral to Treatment (RTT) data accuracy. Although there were some minor inaccuracies in the data and there was scope to improve some aspects of recording and reporting the data, these were not of sufficient magnitude to undermine the overall accuracy of the Health Board's waiting list position, or its arrangements for recording and reporting waiting list information
- Our assessment was based on current IT systems and processes, which are acceptable. We note there are advanced plans to replace PIMS and the iPM system with a single patient administration system.

Adult mental health services

We concluded that there has been good progress in improving adult mental health service since our baseline review in 2005 although there remains some key gaps in services and there may be insufficient capacity in some services to meet demand. We reached this conclusion because:

- effective planning arrangements have supported the improvement of adult mental health services although a clear strategic vision is still lacking and service users could be more engaged;
- primary care provision has considerably improved since 2005 but there are still key gaps in support arrangements from specialist services and there are no gateway workers in Bridgend;
- there has been a significant reduction in bed numbers and an expansion in community services although arrangements vary across the health community and the capacity of some services may be an issue;
- there has been improvement in the provision of psychological therapies and there is a clear plan for the implementation of a stepped care model, but provision of services across the three areas is patchy and waiting times remain an issue;
- access to appropriate housing and housing related support varies across the three counties with the repatriation programme in Swansea leading the developments in Wales; and
- service users are not being adequately involved in the delivery of their personal care and community advocacy services are not available.

Hospital catering

Local catering services are reasonably effective in meeting patients' needs but more could be done to standardise catering services and improve the patient experience. We reached this conclusion because:

- planning and management arrangements for catering services are generally effective at each hospital but would be strengthened by stronger Board scrutiny;
- arrangements for food production and cost control need to be strengthened;
- arrangements for delivery of food to wards and patients are generally effective but there is scope to improve patients' experience at mealtimes;
- catering services are flexible enough to ensure most patients receive the nutrition that they require but nutritional screening on admission is often incomplete; and
- although patients' views are actively sought, more could be done to publicise how their views contribute to service improvements given overall satisfaction is relatively low.

Realising the benefits of the new consultant contract

We found that at the Health Board the consultant contract has generally delivered against its objectives through the use of annual job planning which facilitates development of service improvements. We reached this conclusion because:

- annual job plan reviews are established across all directorates although the effectiveness of job plan reviews is variable;
- working relationships between consultants and managers are generally good and the contract is contributing to changes in service delivery that are in line with the modernisation agenda; and
- consultants have benefited from improved pay and the Health Board has few problems with recruitment and retention although other factors, such as the European Working Time Directive, are causing problems.

Ward staffing

We concluded that ward staffing arrangements are imbalanced, with parts of the organisation staffed to lower levels than might be expected and further work required to understand and address inappropriate variation. We reached this conclusion because:

- there is no clear explanation for the differences in ward staffing across the organisation, and overall, staffing levels are lower than would be expected;
- nurse staffing costs per whole-time equivalent are average, but costs per available bed are low and vary between hospitals; and
- there are inconsistencies in staff deployment and management, an overreliance on temporary staffing and an inverse relationship between sickness and staffing levels.

Arrangements for implementing Wales Audit Office reports

The Health Board has robust arrangements to ensure an effective response to Wales Audit Office reports, and monitors progress against the resulting action plans effectively. We reached this conclusion because:

- the Health Board has robust arrangements for considering Wales Audit Office reports and then developing action plans; and
- high-level monitoring takes place for all Wales Audit Office action plans and status reports are regularly presented to the Audit Committee.

Appendix 1

Reports issued since my last annual audit letter

Report	Date
Financial Audit reports	
Audit of Financial Statements	June 2010
Performance Audit reports	
Accuracy of waiting list data	March 2010
Ward staffing	July 2010
Arrangements for implementing Wales Audit Office reports	September 2010
Hospital Catering	November 2010
Realising the benefits of the new consultant contract	January 2011
Structured Assessment	March 2011
Other reports	
Annual Audit Report	September 2009
Legacy report	January 2010
Audit Strategy	February 2010
Interim annual audit letter – predecessor bodies	June 2010

There are also a number of performance audits that are either planned or underway within the Health Board. These are listed below and estimated dates for completion of the work shown.

Report	Date
Adult Mental Health	March 2011
Follow up reviews of Ward Staffing, EWTD, Maternity, CAMHs, Unscheduled Care	February - December 2011
Theatre utilisation and short stay/day surgery performance	April 2011
Local project on Continuing Healthcare	It has been agreed not to proceed with local work on Continuing Healthcare at this time because of the current national work on this topic. Discussions with Executive Directors will be taking place on the use of this time for substituted projects.



Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ
Tel: 029 2032 0500
Fax: 029 2032 0600
Textphone: 029 2032 0660
E-mail: wales@wao.gov.uk
Website: www.wao.gov.uk