

Archwilydd Cyffredinol Cymru  
Auditor General for Wales



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Audit Report 2014

## Public Health Wales

**Issued:** January 2015

**Document reference:** 728A2014

# Status of report

---

This document has been prepared for the internal use of Public Health Wales as part of work performed in accordance with statutory functions.

No responsibility is taken by the Auditor General or the staff of the Wales Audit Office 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 the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@wao.gov.uk](mailto:infoofficer@wao.gov.uk).

The team who assisted me in the preparation of this report comprised Matthew Coe, Anthony Ford, Jeremy Saunders, Gabrielle Smith 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 2013-14 financial statements of the Trust, 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	10
Sound financial management continue to ensure the Trust breaks even and to meeting savings targets	10
The Trust has improved its focus on its strategic and operational priorities, and related risks, and its governance arrangements, though there is scope to accelerate further improvements	11
Arrangements for seeking and responding to service user feedback are improving	17
Appendices	
Reports issued since my last Annual Audit Report	20
Audit fee	21

# Summary report

---

1. This report summarises my findings from the audit work I have undertaken at Public Health Wales NHS Trust (the Trust) during 2014.
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 factual accuracy of this report has been agreed with the Chief Executive and the Director of Finance. It will be presented to the Board in January 2015. 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)).
5. The key messages from my audit work are summarised under the following headings.

## Section 1: Audit of accounts

6. I have issued an unqualified opinion on the Trust's 2013-14 financial statements, although in doing so, I have brought several issues to the attention of officers and the Audit Committee.
7. I have also concluded that:
  - the Trust's accounts were properly prepared and free from material misstatement;
  - the Trust had an effective control environment to reduce the risk of material misstatement in the financial statements; and
  - the Trust's significant financial and accounting systems were appropriately controlled and operating as intended.
8. The Trust achieved financial balance for 2013-14, having delivered a small surplus of £15,000 on income totalling £105 million. I set out more detail about the financial position and financial management arrangements in section 2 of this report.

---

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

9. I have reviewed the Trust's arrangements for securing efficiency, effectiveness and economy in the use of its resources. My Structured Assessment work has examined the robustness of the Trust's financial management arrangements and the adequacy of its governance arrangements, including arrangements to plan effectively and gauging progress on quality governance and arrangements since last year, in particular seeking and responding to service user experience. This work has led me to draw the following conclusions:

### Sound financial management continue to ensure the Trust breaks even and to meet savings targets

10. The Trust's financial planning and management work well and have contributed to the Trust consistently meeting its savings and statutory break even targets. At the start of 2013-14, the Trust identified a funding gap of £1.3 million, which it planned to address via a programme of cost savings. The Trust successfully delivered these savings, of which a substantial proportion were recurring. The Trust also achieved a surplus of some £15,000 in line with the forecast breakeven position.
11. The Trust continues to operate a sound approach to financial management in 2014-15 with strategic planning embedded at a divisional level along with responsibility for delivering a balanced budget and generating cost savings. The latest reports forecast a breakeven position at the end of the financial year.

### The Trust has improved its focus on its strategic and operational priorities, and related risks, and its governance arrangements, though there is scope to accelerate further improvements

12. My review of the Trust's governance arrangements found that:
- the Trust is actively using the NHS planning framework to help sharpen focus on the delivery of strategic priorities;
  - new managerial structures are supporting a more cohesive approach to the management and delivery of strategic and operational plans;
  - the Board remains committed to improving its effectiveness and has identified a relevant programme of work that now needs to be taken forward to achieve this aim;
  - on-going work to strengthen the board assurance framework and internal control environment is having a positive impact with risk registers better aligned to organisational objectives;
  - management information and performance reporting are generally adequate but not all services and programmes are subjected to the same level of scrutiny;
  - the Trust maintains its focus on information governance with plans in place to test arrangements but progress against some planned actions has been slow; and

- 
- arrangements for seeking and responding to service user feedback are improving.
- 13.** As part of my continuous structured assessment approach, my team will look in more detail at the key enablers of efficient, effective and economical use of resources, such as workforce, estates and partnership working, in the coming months.
  - 14.** We gratefully acknowledge the assistance and co-operation of the Trust's staff and members during the audit.

# Detailed report

---

## About this report

15. 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 January 2014 and December 2014.
16. 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 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.
17. 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;
  - 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.
18. 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](#).
19. The findings from my work are considered under the following headings:
  - Section 1: Audit of accounts
  - Section 2: Arrangements for securing efficiency, effectiveness and economy in the use of resources
20. [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 Annual Audit Outline.

---

## Section 1: Audit of accounts

21. This section of the report summarises the findings from my audit of the Trust's financial statements for 2013-14. 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.
22. 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 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.
23. In giving this opinion, I have complied with my Code of Audit Practice and the International Standards on Auditing (ISAs).
24. In undertaking this work, auditors have also examined the adequacy of the:
- Trust's internal control environment; and
  - financial systems for producing the financial statements.

**I have issued an unqualified opinion on the 2013-14 financial statements of the Trust, although in doing so, I have brought several issues to the attention of officers and the Audit Committee**

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

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 5 June 2014. **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 was one uncorrected misstatement of £40,000, which was brought to the attention of the Audit Committee but was considered not material to our audit opinion.
Concerns about the qualitative aspects of accounting practices financial reporting	We reported that there were no such concerns.
Significant difficulties encountered during the audit	We did not encounter any significant difficulties during the audit.
Significant matters discussed and corresponded upon with management that we need to report to the Trust	We reported that there were no such concerns.
Other matters significant to the oversight of the financial reporting process	There were no such matters reported.
Material weaknesses in the Trust's internal controls	We did not identify any material weaknesses in the Trust's 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 2014 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 and 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 Trust's internal control environment, including monitoring of controls, risk assessment processes and information systems and associated controls.
28. My review found that the internal control environment provided a reliable basis for preparing the financial statements and this contributed to minimising the number of corrections to the financial statements.

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

29. I did not identify any significant weaknesses in the Trust's financial systems. Some minor weaknesses have been drawn to the attention of management in our financial audit memorandum report.

---

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

- 30.** 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; and
  - assessing the effectiveness of the Trust's governance arrangements through my Structured Assessment work, including review of the progress made since last year on quality governance and arrangements for measuring and improving service user experience and reviewing the Trust's arrangements for responding and tracking external audit recommendations.
- 31.** The main findings from this work are summarised under the following headings.

### Sound financial management continue to ensure the Trust breaks even and to meeting savings targets

- 32.** The Trust put in place sound arrangements to set and monitor the 2013-14 budget. The initial budget strategy identified a funding shortfall of £1.3 million. To close this gap, the Trust established a set of financial principles to be adopted by each division. This included efficiency savings across the Trust of some 1.5 per cent of expenditure, which resulted in a balanced budget of £99.4 million in March 2013.
- 33.** Cost improvement savings schemes were regularly monitored by both operational teams and by the Board. The Trust successfully delivered £1.3 million of savings at the end of 2013-14, of which £1.2 million were recurring and £100,000 non-recurring. It also achieved a small surplus of £15,000 in line with the forecast breakeven position. During 2013-14, no significant issues were reported to the Board to indicate that service delivery was adversely affected by the cost improvement schemes.
- 34.** In 2013, the Welsh Government introduced a new approach to planning that required the Trust to prepare an integrated medium-term plan. The integrated medium-term plan is a three-year rolling plan focused on service planning, workforce and financial decisions. Although agreed in principle by the Board, the Welsh Government did not approve the integrated medium-term plan. The interdependency of services provided by the Trust to others and the Trust's dependency on health boards to deliver some of its services meant some aspects of the plan could not be finalised. In the absence of an approved medium-term plan, the Welsh Government required the Trust to prepare a one-year operational plan.

- 
35. The Trust's 2014-15 budget strategy is an integral part of the one-year operational plan required by the Welsh Government. This strategy shows a balanced budget for the year underpinned by cost savings of £2.2 million with the balance of recurring and non-recurring savings changing compared with last year (£1.7 million recurring savings and £462,000 non-recurring) and brokerage of £450,000 from 2013-14.
  36. The Trust has continued with its "invest to save, save to invest" approach, which promotes financial discipline in funding new service developments from planned savings within each division. The Trust now includes more detail on risks associated with savings schemes so the Board is more aware of deliverability.
  37. The Trust has demonstrated a good track record of delivering its savings, including high levels of recurring savings. It has sound processes in financial planning and monitoring that are prerequisites for meeting this financial challenge including:
    - monthly budget monitoring within divisions;
    - board reporting on a bi-monthly basis; and
    - budget scrutiny meetings held throughout the year within divisions and via the executive team.
  38. The Trust has been able to manage its financial position robustly by taking remedial action to offset any slippage in its savings schemes with new savings. The most recent financial monitoring report forecasts a breakeven position for 2014-15 with expenditure £212,000 under budget.

**The Trust has improved its focus on its strategic and operational priorities, and related risks, and its governance arrangements, though there is scope to accelerate further improvements**

**The Trust is actively using the NHS planning framework to help sharpen focus on the delivery of strategic priorities**

39. The Trust actively engaged in the NHS planning process to develop its three-year integrated medium-term plan and the one-year operational plan. These plans bring together for the first time in one place the Trust's strategic commitments (objectives) and operational priorities, including relevant national NHS targets, risks to achievement and mitigating actions. The Trust has indicated its planning and monitoring activities are helping to sharpen its focus on the delivery of the many priorities set out in the one-year operational plan.
40. Revisions to the three-year integrated medium-term plan are ongoing and informed by extensive engagement with local health boards to identify public health priorities where partnership working is key to delivery. The Trust will be submitting a revised integrated medium-term plan to the Welsh Government in January 2015 in line with the requirements of the NHS Wales Planning Framework.

- 
41. The one-year operational plan also sets out the wider resource requirements needed to deliver the plan in year. These key enablers of delivery include workforce, workplace premises, informatics and wider partnership working. Resource requirements are identified against the many actions needed to deliver the operational plan. In addition to identifying resource requirements, the operational plan sets out priorities for action specific to the enablers of delivery, such as developing and implementing a workforce plan.
  42. Board members have indicated that the integrated medium-term plan and the one-year operational plan provide the Board with a good overview of the operational and workforce issues that it did not have previously.

**New managerial structures are supporting a more cohesive approach to the management and delivery of strategic and operational plans**

43. The Trust's overall organisational structure is unchanged but the appointment of a new chief executive has provided a fresh perspective on working practices and roles. Meanwhile, the Board ratified the appointment of a deputy chief executive to take on additional roles. Weekly executive team meetings take place, with a strong focus on progress against the operational plan. Specific agenda items are discussed on a rotating basis, particularly where these affect the delivery of the operational plan.
44. Newly established strategic and operational management teams are helping to foster collective responsibility for the delivery of strategic and operational priorities across the organisation. In early 2014, the Trust established the Leadership and Delivery Team to bring together the executive team and the divisional directors to ensure a shared understanding of the strategic priorities and collective decision-making and accountability to meet these priorities. A senior operational management team was also established at the same time to provide operational support.
45. Responsibility for embedding quality, safety and risk management is through the new strategic and operational management teams following the dissolution of the quality safety and risk management group. Terms of reference for the senior operational management teams make explicit this responsibility. It is too early to say if these arrangements are working well.
46. The Chief Executive and Chair are actively engaging with staff to inform them what the strategic and operational plans mean for their work and their role in delivering organisational priorities.

---

The Board remains committed to improving its effectiveness, and has identified a relevant programme of work that now needs to be taken forward to achieve this aim

47. The Board is committed to improving its effectiveness and invited the Good Governance Institute to carry out a rapid review of governance and behaviours. This review identified a number of areas for development, in particular around the Board's understanding of risk and risk appetite. This resonated with issues I have previously raised through my structured assessment work, and also with the Audit Committee's self-assessment of its own effectiveness. The Board has identified the need for a programme of board development, particularly around risk management, although there have been some delays in beginning the implementation of the programme.
48. The Trust has been successful in filling the long-standing vacancy for a non-executive director to represent local government, albeit on an interim basis. In addition, the partnership forum responded to the Trust's invitation to nominate staff representatives to attend and to contribute to Board discussions.
49. In the meantime, the Board recognises the potential loss of corporate memory when the current non-executive directors begin to stand down from March 2016. To manage this risk, the Board is looking to develop a succession plan.
50. Appropriate schemes of delegation are in place. The Board approved revisions to the Standing Orders and Standing Financial Instructions during the summer. Meanwhile, the terms of reference for the board committees were revised to minimise overlaps and clarify roles and responsibilities or relationships between committees.
51. The dispersed nature of the Trust limits opportunities for the non-executive directors to engage with staff on a regular basis. The Board is looking for ways it can better engage other than at the annual staff conference.
52. The Board continues to promote an open and transparent culture by publishing committee agendas and papers on the internet. Although meetings are held in private, minutes are sufficiently clear to permit a good understanding of the discussions held at the various committees.
53. The Annual Quality Statement is now more user friendly and easy to read and appropriately candid. It provides a clear picture of areas for improvements linked to the one-year operational plan.

On-going work to strengthen the board assurance framework and internal control environment is having a positive impact with risk registers better aligned to organisational objectives

54. Following the governance failures in other NHS organisations, the Trust reviewed its quality and safety arrangements and is now developing a clinical governance framework, which will provide another strand for board assurance. There is evidence systems for quality assurance and audit are working effectively within the Public Health Services Directorate and the clinical governance framework should provide a coherent and organisational-wide focus on clinical safety and effectiveness and service user experience.

- 
- 55.** In light of recent changes to managerial structures and lines of accountability, the Trust is reviewing and updating risk management policies and procedures to reflect these changes. The Trust has also developed guidance to support staff identify and capture risks more effectively.
- 56.** In the past, I have been critical of the Trust's approach to identifying and recording corporate and divisional risks, in particular the lack of alignment to organisational objectives, controls and actions to reduce the risk. This year, for the first time, the Trust's strategic and operational plans identify the risks to achieving organisational objectives with these risks clearly set out in the corporate risk register and some divisional risk registers. The Trust has indicated that risk management is becoming integral to business planning with revisions to planning arrangements ensuring that actions falling out of the integrated medium-term plan and the one-year operational plan are taken forward at a corporate and divisional level. However, there is still scope to clarify the way in which risks and mitigating actions are defined to ensure their meaning is easily understood and their effectiveness monitored.
- 57.** The Board and its committees have begun to apply more scrutiny to the corporate risk register and to actively seek assurance about the adequacy and effectiveness of arrangements to manage and mitigate risks. The Trust is working to improve the format and presentation of the corporate risk register to make it easier to navigate, for example by focusing attention on the highest-scored risks or those risks where scores are increasing.
- 58.** Actions to improve compliance with statutory and mandatory training are taking effect with compliance rates generally exceeding the target (80 per cent) set for the end of March 2014. A more challenging target (90 per cent) has been set for 2014-15 with current rates of compliance for statutory training and some mandatory training just below target. The types and frequency of training is now clearly set out for staff in a Statutory and Mandatory Training Policy and work is on-going to improve further the quality of the reported information.
- 59.** As part of my commitment to help secure and demonstrate improvement through audit work, I have reviewed the effectiveness of the Trust Board's arrangements to manage and respond to recommendations made as part of our nationally mandated and local programme of audit work during 2012, 2013 and 2014. This work has found that the Trust has effective arrangements in place to respond and track progress against audit recommendations, with robust scrutiny provided by the Audit Committee and in some instances by the Board until recommendations are implemented. It is now more common for the Audit Committee to invite officers to its meetings to respond to my reports. The Audit Committee log sets out actions to be taken along with clear responsibility and timescales for implementation. My work has found that:

- 
- The actions required to implement the recommendation from the 2012 review of data quality in the screening division are complete. In 2013, the Trust implemented its policy for managing data quality with responsibility for achieving good data quality clearly set out. Guidance for assessing the contribution of data quality to complaints or incidents has also been produced. The risk management system enables users to identify whether data quality is a contributory factor to complaints or incidents along with lessons learned. There is on-going work to develop performance indicators related to data quality.
  - The actions required to implement the recommendations from the 2013 review of management arrangements within the screening division were largely complete last year. New divisional management arrangements are in place and reported to be working well. Divisional objectives are aligned to the Trust's one-year operational plan, with full responsibility for risk management sitting with the divisional senior management team. The risk register is much improved and better aligned to divisional objectives. Trust-wide organisational development is addressing leadership and management development. The Trust is using the integrated medium-term planning process to improve oversight of the resource implications when the Division is asked by external stakeholders to undertake additional work.
  - The Trust is making good progress to implement the recommendations from the 2013 review of management arrangements within the microbiology division. New divisional structures are taking shape with a regional model for service delivery agreed in principle. Realistic timescales have been set with implementation reliant in part on the newly appointed director of operations. A performance framework is now in place and reported to the Board through the Quality and Delivery Framework. A programme board oversees the microbiology service redesign with a non-executive director providing a link between the division and the Board with progress monitored as part of the delivery of the Trust's one-year operational plan.

Management information and performance reporting are generally adequate but not all services and programmes are subjected to the same level of scrutiny

- 60.** The Trust recognises that the volume of information presented to the Board and committees is sometimes overwhelming. To improve information flow, lighten workloads and free up time for effective scrutiny, the executive team is taking a more disciplined approach to reviewing any papers where the Board or its committees will be asked to make a decision or take assurance. Arrangements for performance reporting were recently introduced with frequency of reporting and issues around timeliness of the data set out.

- 
- 61.** The Trust's performance monitoring framework – the Quality and Delivery Framework - continues to evolve. Gaps in performance measures, like those for microbiology services, are being, or have been, filled while there is on-going work to develop service-user experience measures. The Quality and Delivery Framework includes both local and national targets, such as ensuring at least five per cent of smokers make a quit attempt via smoking cessation services. The Quality and Delivery Framework sets out performance against target or standards with trend information presented where appropriate. It also includes a short narrative to indicate the actions taken to improve performance. Where the Trust contributes to the overall achievement of a national target, the Trust's performance is reported separately, such as the contribution of Stop Smoking Wales to get smokers to make a quit attempt.
  - 62.** The most recent Quality and Delivery Framework shows that overall performance against national targets related to health improvement and health protection are below target nationally for the NHS as a whole. In contrast, Stop Smoking Wales is delivering its contribution to ensuring smokers make a quit attempt. Working with partners, the Trust is taking action to improve performance with affect in some areas.
  - 63.** This year the Quality and Safety Committee has played a less prominent role in performance monitoring service delivery now that the Quality and Delivery Framework is in place and reported to the Board. This is enabling the committee to focus on the quality and safety of services. However, there is an imbalance in the information presented to the Quality and Safety Committee with members acknowledging that not all of the Trust's services and programmes are subjected to the same level of scrutiny in relation to quality and safety. Much of the committee's business focuses on Public Health Services, due in part to its size and the volume and nature of activity. Programmes and services provided within the health improvement division, with the exception of Stop Smoking Wales, have not been reviewed by the Quality and Safety Committee in terms of quality, safety and effectiveness. This is an area that requires attention as the Trust looks to continue to develop its governance arrangements.
  - 64.** The Quality and Delivery Framework has also become the vehicle for reporting progress against the many actions set out in the operational plan in relation to service delivery and organisational enablers. Progress is reported against deadlines set for completion each quarter and, at mid-year, more than three-quarters of the actions had been completed. However, there is no overall narrative on the pace of progress and likely achievement against plan. The report provides a short commentary on reasons for delays and the most recent performance monitoring report frequently cited capacity issues. The volume of information and level of detail set out in the Quality and Delivery Framework is growing with the risk that there will be insufficient time for scrutiny.

---

The Trust maintains its focus on information governance with plans in place to test arrangements but progress against some planned actions has been slow

65. The Trust continues to strengthen arrangements for information governance. It reconstituted its information governance working group during the year to ensure fitness for purpose and to provide the Information Governance Committee with the right information for assurance and decision making.
66. Compliance with information governance training continues to improve. Overall compliance is just below the Trust's 90 per cent target but varies across the organisation, ranging from 69 per cent to 100 per cent. From January 2015, the Trust will roll out a new program of unannounced audits to test the effectiveness of its information governance arrangements. There is evidence that the Trust takes action to address information governance incidents, such as information being lost in transit, with learning feeding into information governance training.
67. NHS organisations must annually assess compliance with the Caldicott Principles and implement a plan of action for improvement. The Trust's self-assessment score shows substantial improvement since 2010 rising from 47 per cent (insufficient assurance) to 81 per cent (a good level of assurance). However, there is scope to look at where reasonable action can be taken to improve compliance to achieve an 'excellent level of assurance'. The anticipated development of an all-Wales IT security policy has not happened and the Trust relies on a legacy policy that is five-years old. The Trust relies on the NHS Wales Informatics Service's (NWIS) disaster recovery plan for some parts of the organisation but this plan has not been tested fully. Meanwhile, progress in mapping all information flows has been slow.

Arrangements for seeking and responding to service user feedback are improving

Arrangements for seeking service user feedback continue to evolve with evidence that feedback is used to affect change

68. In 2013, my structured assessment work concluded that the Trust was committed to listening to service users while acknowledging the gaps in information on service user experience. The Trust established a Service User Experience and Learning Panel in January 2014. The Panel's purpose is to listen to service users and act upon feedback they provide, including any learning from concerns and complaints. The Panel, described as the hub for organisational learning where learning is relevant to service users, is chaired by the Director of Nursing. Membership is wide ranging and includes a non-executive champion and service user representation. To support this work, the Trust is recruiting a service-user experience coordinator to provide dedicated capacity and leadership.

- 
69. Service user stories are now a regular feature of both the Service User Experience and Learning Panel and the Quality and Safety Committee. Since July 2013, meetings of the Quality and Safety Committee open with a 'Patient Story' while 'Screening for Life', the screening division's website, also features short video clips of individuals talking about their experiences of screening services. There is evidence that the Trust acts upon this feedback immediately to effect improvements for service users.
  70. In 2013, I reported that the Trust was mapping the mechanisms in place to capture service user feedback. These mechanisms are most developed and embedded within screening services, where a dedicated engagement team works to target vulnerable and 'hard to reach' groups to improve access to and uptake of screening services. Stop Smoking Wales also seeks regular feedback from its service users. The Trust concluded its mapping work and is now working to identify ways to inform service users of the improvements resulting from their feedback.
  71. Service user experience measures have yet to feature formally in the Trust's Quality and Delivery Framework. Work is underway to agree and test a small number of core questions drawn from the national service user experience survey to enable comparisons across the diverse range of programmes and services. Meanwhile, the Trust's 2014-15 operational plan clearly sets out three standards in relation to service user experience to achieve and report through the Quality And Delivery Framework by the end of March 2015.

**The Trust is making good progress to strengthen arrangements for learning from complaints and incidents**

72. The Trust has worked to strengthen the learning from complaints and incidents over the last couple of years and, in 2013, my structured assessment work concluded that there were clear operational arrangements for reporting and managing complaints and incidents and a commitment to learn lessons. *Putting Things Right*, NHS Wales' integrated process for raising, investigating and learning from complaints, incidents and claims, and service user experience are inextricably linked. In April 2014, the Trust reassigned responsibility for *Putting Things Right* to the Director of Nursing to better integrate the arrangements with those for service user experience and learning.
73. In February, the Trust published a 'process for learning lessons from claims and concerns' that brings together the arrangements for learning set out in three separate policies for incidents, concerns and claims. The process aims to ensure a standard approach to identifying, sharing and reviewing the actions taken to implement lessons learned, as well as ensuring learning informs service improvements.
74. The annual review of concerns and claims management standard by the Welsh Risk Pool shows year-on-year improvements in relation to learning from events with the Trust achieving the second highest score across NHS bodies in Wales. Last year, the Welsh Risk Pool concluded that the Trust did not have a formalised process for learning from events although there was evidence that learning was happening. This year's assessment by the Welsh Risk Pool concluded that the Trust had taken steps to document the learning but there was limited evidence on how the learning was driving consistent improvements across the organisation.

- 
- 75.** The Service User Experience and Learning Panel intends to monitor how services and teams triangulate and evidence the learning and improvements that arise from complaints and incidents. The Trust has recently introduced a new reporting template to capture the learning and feedback from complaints, incidents and claims in a consistent way from across the diverse range of its services and teams. These template reports should go some way to addressing the issues around consistency raised by the Welsh Risk Pool.

# Appendix 1

---

## Reports issued since my last Annual Audit Report

Report	Date
<b>Financial audit reports</b>	
Audit of Financial Statements Report	June 2014
Opinion on the Financial Statements	June 2014
Financial Statements Memorandum	September 2015
<b>Performance audit reports</b>	
Structured Assessment for 2014	December 2014
<b>Other reports</b>	
Outline of Audit Work for 2014	March 2014 and May 2014

There are a number of performance audits still underway at the Trust, which is shown below, along with estimated dates for completion.

Report	Estimated completion date
Review of data backup arrangements	January 2105
Diagnostic Review – IT capacity and infrastructure	February 2015

# Appendix 2

---

## Audit fee

The Outline of Audit Work for 2014 set out the proposed audit fee of £150,916 (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.

Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@wao.gov.uk](mailto:info@wao.gov.uk)

Website: [www.wao.gov.uk](http://www.wao.gov.uk)

Swyddfa Archwilio Cymru  
24 Heol y Gadeirlan  
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: [info@wao.gov.uk](mailto:info@wao.gov.uk)

Gwefan: [www.wao.gov.uk](http://www.wao.gov.uk)