WALES AUDIT OFFICE
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Annual Audit Report 2011

Betsi Cadwaladr University Local Health Board

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Summary report

1. This report summarises my findings from the audit work I have undertaken at Betsi Cadwaladr University Local Health Board (the Health Board) during 2011.
2. The work I have done at the Health Board 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 Health Board'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 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.
4. The key messages from my audit work are summarised under the following headings.

Audit of accounts

5. I have issued an unqualified opinion on the 2010-11 financial statements of the Health Board, although in doing so I have brought several issues to the attention of officers and the Audit Committee. These include continuing to develop processes to fully demonstrate that capitalised staff costs are appropriately capitalised and developing systems, along with all other NHS bodies in Wales, to routinely identify and account for the value of replaced elements of property, plant and equipment.
6. 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 although we identified some scope to improve payroll controls.
7. The Health Board achieved financial balance at the end of 2010-11, through a combination of delivering savings plans and additional non-recurrent funding from the Welsh Government of £16.7 million.

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

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

- although the full level of cost saving is not yet being achieved, the Health Board is still predicting a break-even position for the end of this financial year;
- good overall progress has been made in addressing the areas for development identified in my 2010 Structured Assessment although specific challenges remain;
- the Health Board inherited disparate arrangements around the consultant contract and ineffective job planning in parts of the organisation, but new arrangements are intended to address this;
- theatre and day case performance varies across the Health Board and concerted action is required to increase the pace of change; and
- action has been taken to address the issues identified in a number of previous performance audit reviews, although further progress is needed in several areas.

Agreeing my findings with the Executive Team

9. This report was issued to the Director of Governance and Communications, and the Executive team on 27 November 2011. It was presented to the Audit Committee on 8 December and subsequently to the Board with copies provided to every member of the Health Board. We strongly encourage wider publication of this report by the Health Board. Following Board consideration, the report will also be made available to the public on the Wales Audit Office's own website (www.wao.gov.uk).

10. The assistance and co-operation of the Health Board's staff and members during the audit is gratefully acknowledged.

Detailed report

About this report

11. This Annual Audit Report to the Board members of the Health Board sets out the key findings from the audit work that I have undertaken between April 2011 and November 2011.

12. My work at the Health Board 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 Health Board, and to lay them before the National Assembly;

b) satisfy myself that the expenditure to which the accounts relate has been incurred lawfully and is in accordance with the authorities which govern it; and

c) satisfy myself that the Health Board has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

13. 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 latest Structured Assessment of the Health Board, which examined the arrangements for financial management, governance and accountability, and management of resources;
- the Health Board's self-assessment against the Governance and Accountability module of the Standards for Health Services in Wales;
- 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.

14. I have issued a number of reports to the Health Board 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.

15. 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.

16. Finally, Appendix 2 presents the latest estimate on the audit fee that I will need to charge to cover the actual costs of undertaking my work at the Health Board, alongside the original fee that was set out in the Audit Outline.

Section 1: Audit of accounts

17. This section of the report summarises the findings from my audit of the Health Board's financial statements for 2010-11. 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.

My responsibilities

18. In examining the Health Board'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 Health Board and of its income and expenditure for the period in question;
- whether they are free from material misstatement – whether caused by fraud or by error;
- whether they are prepared in accordance with statutory and other applicable requirements and comply with all relevant requirements for accounting presentation and disclosure;
- whether that part of the Remuneration Report to be audited is properly prepared; and
- the regularity of the expenditure and income.

19. In giving this opinion, I have complied with my Code of Audit Practice and the International Standards on Auditing (ISAs).

20. 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 2010-11 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 2010-11 financial statements were properly prepared and materially accurate

21. The Health Board's draft financial statements were submitted on a timely basis to meet the 4 May 2011 deadline. Despite the challenging timetable, we found the information provided in the Healthcare and Welsh Risk Pool financial statements to be relevant, reliable, comparable, material and easy to understand. The draft financial statements were prepared to a high standard and were generally supported by comprehensive

working papers. This was a significant achievement as the timetable set by the Welsh Government reduced the time available for the compilation and audit of the financial statements placing considerable extra pressure on the finance team. There was also clear evidence, that the financial statements had been subject to quality assurance checks, including analytical review.

22. 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 Health Board's Audit Committee on 8 June 2011. 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
Omissions from the draft financial statements	The Health Board experienced some delays in the compilation of following items, which were not provided to us until later in the audit process: • Remuneration Report (submitted for audit 18 May 2011); and • Note 31 'Pooled Budgets' (submitted for audit 23 May 2011, as the Health Board was awaiting information from partner organisations). The Health Board notified us of a delay in the preparation of the consolidated financial statements (incorporating the Healthcare and Welsh Risk Pool financial statements), which were not submitted for audit until 18 May 2011. This delay arose due to the Health Board awaiting guidance from the Welsh Government on the format and content of the consolidated statement. As we received timely notification of the delay from the Health Board, we were able to adjust our work programme accordingly, thereby ensuring that the overall completion timetable was not jeopardised.
Capitalised salaries	Despite some improvements since 2009-10, the Health Board was unable to demonstrate that all of its capitalised staff costs complied with the requirements of International Accounting Standard (IAS) 16. Capitalised salaries amounted to £1.88 million at 31 March 2011. The Health Board made progress during the year in developing more robust processes to support the basis for capitalising staff costs. Despite this, it was unable to demonstrate that employee costs of £164,000 (within the £1.88 million total) were directly attributable to specific assets and we therefore could not fully conclude on the appropriateness of capitalising these costs. The Health Board has confirmed to us that it is continuing to develop its processes in order to fully demonstrate that costs are appropriately capitalised.

Issue	Auditors' comments
Segmental reporting	There is a requirement under International Financial Reporting Standard (IFRS) 8 to provide 'segmental' financial information in published accounts, based on how information is routinely reported to top management to support their decisions. Last year, we reported that the Health Board had given insufficient consideration to this requirement when preparing its draft accounts for audit. This year, in line with enhanced guidance from the Welsh Government, the Health Board developed a written rationale to support its decision to disclose two business segments: Healthcare and the Welsh Risk Pool. Whilst we are broadly content with this rationale we note that, unlike other health boards in Wales, the Health Board provides information to its top management that is analysed by Clinical Programme Groups (CPGs). The Health Board therefore has the scope, should it wish to do so, to provide users of its published accounts with additional information on the activities of each CPG.
Asset de-recognition	There are inadequate systems in place to identify and account for the value of replaced elements of property, plant and equipment as per the requirements of IAS 16. This requires that when parts of assets are replaced, any outstanding value of the replaced asset needs to be taken out of the property values (de-recognised) and any gain or loss is recognised in the revenue account. This was a new requirement from 2009-10 onwards. Currently, the Health Board does not have systems in place, along with all other NHS bodies in Wales, to routinely identify such values.

23. 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 Health Board at 31 March 2011, and the return was prepared in accordance with the Treasury's instructions.
- Summary Financial Statements and Annual Report – I concluded that the summary statements were consistent with the full financial statements.
- 2010-11 Funds Held on Trust financial statements – The consolidation of the three former charitable funds presented a number of challenges to the Health Board and required a significant amount of work over and above the standard financial statements preparation process. I am pleased to note that the Health Board successfully overcame these challenges and the financial statements and associated working papers provided for audit were of a good standard. I was due to issue an unqualified opinion on 21 November 2011, but this was delayed as the Health Board's Charitable Funds committee on 14 November was unable to

approve the audited financial statements, as the meeting was not quorate. It is now the Health Board's intention to approve the financial statements at the next Charitable Funds Committee on 16 February 2012, and I will issue my opinion shortly after.

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

24. I did not identify any material weaknesses in your internal control environment. Furthermore, Internal Audit's 'Assurance Statement and Annual Report' for the year ended 31 March 2011 provided 'adequate assurance' to the Health Board. This opinion reflects a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weaknesses in the design or inconsistent application of controls put the achievement of particular objective at risk including:

- establishing robust controls for the management of assets utilised across the Health Board; and
- creating a robust control environment to manage and review the continuing healthcare claim/funded nursing care process including retrospective claims that have been submitted to the Health Board for consideration.

25. My review of the severance of the contract of employment of a number of former Directors of Finance from the predecessor bodies on the Alternative Employment scheme concluded that the Health Board sought and obtained relevant legal advice. Appropriate records were retained to evidence the decisions taken to demonstrate that they were made in accordance with its corporate governance framework, scheme of delegation and standing orders. In addition, the payments were fully accounted for in 2010-11 financial statements and were materially correct.

26. I also reviewed a sample of individuals who left the Health Board in 2010-11 under the Voluntary Early Severance Scheme. I concluded that the payments reviewed were made in accordance with the NHS Wales Voluntary Early Release Scheme 2010 and complete records were retained in line with scheme requirements. I also concluded that the payments were fully accounted for in 2010-11 financial statements and were materially correct.

The Health Board's significant financial and accounting systems were appropriately controlled and operating as intended, although we identified some scope to improve payroll controls

27. I did not identify any material weaknesses in the Health Board's significant financial and accounting systems which would impact on my opinion. The Health Board undertook a significant amount of work during the year to consolidated and rationalise its financial and accounting systems. In particular, it successfully consolidated the nine ledgers used in 2009-10, reflecting the legacy arrangements, into one. In addition,

the Health Board successfully rationalised the three fixed asset registers used by its various predecessor bodies into a new unified register, which was found to be materially complete and accurate.

28. There were a number of detailed issues arising from my financial audit work and these were reported to the Audit Committee in September 2011. These include matters referred to in Exhibit 1 above and a number of other issues relating to payroll which is part of the all-Wales Shared Services, as set out in Exhibit 2.

Exhibit 2: Other issues relating to significant financial and accounting systems

Issue	Auditors' comments
Payroll reconciliations	Whilst income tax and social security costs disclosed in the main accounting system were agreed to payroll details produced by the Electronic Staff Record system, gross pay was not reconciled. Salary and wage costs should be reconciled as part of the monthly reconciliation to the ledger.
Payroll overpayments	There continued to be a significant number of overpayments made to employees during the year (both former and current employees). The total value of outstanding payroll overpayments at the end of October 2011 was £472,405. The payroll department confirmed that this was largely due to departments failing to inform the payroll team of staffing changes on a timely basis and in some cases the payroll team was not informed until after the employee had left.

29. Internal Audit also reported on a number of system weaknesses which require ongoing management action. Management action plans have been developed to strengthen the control weaknesses identified in these reports, and progress is scrutinised by the Audit Committee.

The Health Board achieved financial balance at the end of 2010-11 as a result of additional non-recurring funding from the Welsh Government and achieving cash releasing savings

30. The Health Board met its statutory financial targets in 2010-11, with reported savings amounting to £74.9 million for the year. The Health Board also received additional non-recurring funding from the Welsh Government of £16.7 million. The Health Board has reported that the additional funding was to meet high levels of patient activity due to the weather and influenza.

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

31. I have a statutory requirement to satisfy myself that NHS bodies have proper arrangements in place to secure efficiency, effectiveness and economy in the use of their resources. I have undertaken a range of performance audit work at the Health Board over the last 12 months to help me discharge that responsibility. This work has involved:

- reviewing the Health Board's financial management arrangements, including the progress being made in delivering cost saving plans and their contribution to achieving financial balance;
- assessing the progress the Health Board has made in addressing the 'areas for development' we identified in last year's Structured Assessment work;
- examining the effectiveness of arrangements for the consultant contract, including job planning;
- examining the Health Board's performance on operating theatre utilisation and day surgery rates; and
- assessing the progress the Health Board has made in addressing the issues identified by previous audit work on Maternity Services, the European Working Time Directive (EWTD) for Junior Doctors, Unscheduled Care, and Outpatient Services.

32. The main findings from this work are summarised under the following headings.

The Health Board is predicting a break-even position for the end of this financial year despite a short fall in projected savings and current expenditure in excess of that planned

33. To achieve a break-even position at the end of 2011-12 financial year, the Health Board must deliver cost savings of £70.9 million. As at the end of October 2011, there were plans in place for savings of £57.7 million. Despite this, the Health Board has reported that it still forecasts achieving break-even position for the year ended 31 March 2012. The Health Board received additional non-recurrent resource allocation of £17 million from the Welsh Government in October 2011, but achieving a break-even position for the year-end is heavily dependent on identifying additional savings schemes.

34. As at 31 October 2011 the Health Board reported a cumulative actual expenditure that exceeded planned expenditure by some £6.2 million or 0.9 per cent. The Health Board has reported that sustained efforts are being made to bridge the gap as a matter of urgency, without any detriment to the quality and safety of services.

35. Over recent weeks new cost savings plans have been identified and forecast savings for the year remain at £70.9 million. However, the projected savings remain extremely challenging and potentially unrealistic given that savings plans in some areas are insufficiently developed whilst others are heavily reliant on service re-design and the resulting opportunities for changes in the workforce.

Good overall progress has been made in addressing the areas for development identified in my 2010 Structured Assessment although specific challenges remain

36. I have assessed the progress the Health Board has made in addressing the areas for development identified in last year's Structured Assessment work and have concluded that good overall progress has been made, although specific challenges remain.

The Health Board has continued to strengthen its governance arrangements although further progress in a small number of key areas is still needed

37. My review of the progress made by the Health Board to strengthen its governance arrangements has been able to demonstrate the following positive progress:

- the Health Board's clear strategic direction is reflected in its clinically driven plans;
- the organisational structure reflects the Health Board's focus on clinical leadership, but the restructuring process is not yet fully completed so some operational posts remain interim;
- the internal control environment is continuing to mature supported by the introduction of a formal board assurance framework, a developing approach to risk management and clearer splits of responsibilities between the Board's sub-committees; and
- there is evidence of a more holistic approach to performance management and more balance performance reporting.

38. There is, however, a need to secure further improvements in these arrangements in order to ensure that:

- risk management within Clinical Programme Groups (CPG) become fully embedded by completing training for CPG staff and ensuring consistency across all parts of the Health Board;
- clinical audit becomes a more effective part of the Board's assurance framework, by developing a formal strategy and annual report, and collecting evidence to demonstrate clear linkages with risk and improvement, and improvement and organisational learning as a result of clinical audit;
- the new performance management arrangements drive improvements at a greater pace and scale; and

- a clearer strategic approach to information management and technology is developed to support operational delivery and overcome the disparate arrangements inherited from the Health Board's predecessor organisations.

There is evidence of improvement in partnership working and stakeholder engagement, although further challenges still exist

39. My 2010 structured assessment work examined a number of areas which act as 'enablers' to efficient, effective and economical use of resources. This work showed that the Health Board was still developing its arrangements in relation to partnership working and stakeholder engagement.

40. This year's work has found that:

- good progress has been made from last year and strategic partnerships are now more effective, however some of the locality arrangements needed to support more effective partnership working are still in the early stages of development.
- the Health Board has made use of recognised good practice to develop an appropriate framework for user, staff and community engagement, but recognises that further development will enable patients and communities to understand the need for service change and help to shape future services.

The Health Board inherited disparate arrangements around the consultant contract and ineffective job planning in parts of the organisation, but new arrangements are intended to address this

41. As part of my work to determine scope for the Health Board to achieve greater efficiencies in the use of its resources, I have examined whether the Health Board has the necessary arrangements in place to ensure that the intended benefits of the consultant contract are being delivered.

42. My work found that since the introduction of the amended consultant contract in 2003, an inconsistent and underdeveloped approach to job planning means that neither the Health Board nor its consultants are realising all the intended benefits from the contract.

43. The audit found that considerable improvement is needed in the way job planning is managed and used. Specifically, there was no standard template, most job plans lacked clarity and detail about the individual consultant's duties, responsibilities, activities and locations; there were varying interpretations of how activities are classified; and details of expected outcomes from consultant job plan activities were typically not recorded. In addition, for many consultants, a review of their job plan was overdue.

44. A number of factors are currently preventing job planning from supporting service modernisation. For example, job planning was not effectively embedded into the new CPG model, and so opportunities to use job planning to develop, agree and implement changes to services or working practices were being missed.

45. I made specific recommendations aimed at improving consultant job planning and consultant contract benefit realisation, and the Health Board has developed an action plan to improve standardisation and co-ordination of job planning, (including a standard template), supported by an agreed set of principles. CPGs have also started to link consultant job planning with wider service planning processes, but this is still work in progress. I will be reviewing the Health Board's progress in implementing my recommendations over the next year.

Theatre and day case performance varies across the Health Board and concerted action is required to increase the pace of change

46. As part of my work to determine scope for the Health Board to achieve greater efficiencies in the use of its resources, I have examined operating theatre utilisation and day surgery rates. This work made use of performance comparisons with a sample of NHS trusts in England.

47. This work showed that whilst there are a number of initiatives underway to further improve theatre use and day case rates, local variation in performance is marked, and the underlying causes require concerted action across the Health Board. I came to this conclusion because:

- A combination of factors is resulting in marked local variation in theatre utilisation and day case rates. These vary by speciality, site and consultant team, but typically include:
  - limited back filling of sessions cancelled due to consultant leave (especially in Llandudno);
  - factors outside the direct control of theatres leading to late starts, such as delays in consultants reaching theatres (due to travelling, or other commitments, including outpatients sessions over-running), or delays whilst a bed is found, or final pre-operative checks are completed; and
  - issues around how theatre lists are compiled, with a number of different approaches in use across the Health Board, at the time of the audit.
- A number of improvement initiatives, such as *Transforming Theatres* and *Enhanced Recovery* projects show that operating theatres are a priority, however disconnected planning arrangements are hampering progress.
- Theatre staff are positive about the safety culture across the Health Board, but raised concerns about communications, morale and the team culture and leadership in Wrexham, which all contribute to a slower pace of change than I hoped to find.
- Processes for the collection and analysis of theatre data are not efficient and scrutiny arrangements are not effective at driving improvement.

Action has been taken to address the issues identified in a number of previous performance audit reviews, although further progress is needed in several areas

48. During the last 12 months I have undertaken follow-up audit work to assess the progress that the Health Board has made in addressing concerns and recommendations arising from previous audit work in specific areas of service delivery. The findings from my smaller pieces of follow-up work are summarised in Exhibit 3.

Exhibit 3: Progress in implementing audit recommendations

Area of follow-up work	Conclusions and key audit findings
EWTD for Junior Doctors	The Health Board has made good progress with the implementation of EWTD compliant rotas but needs to strengthen current arrangements to maintain levels of compliance and patient care. More specifically: • new rotas and other changes in working practice are supporting compliance but there are concerns about the impact of current arrangements and rotas may not reflect actual hours worked; and • governance and performance arrangements for EWTD compliance are unclear, although the Health Board is now taking action to clarify core responsibilities and accountabilities.
Unscheduled Care (Preliminary Follow-up Work)	The Health Board has started to implement a whole systems approach to unscheduled care but this is not yet resulting in consistently improved performance.

Area of follow-up work	Conclusions and key audit findings
Maternity Services	There is evidence that the Health Board is making good progress in improving its maternity services although further work is required and momentum needs to be maintained. The reasons for reaching this conclusion are set out below: • maternity services are a high priority with good executive engagement and strong clinical leadership, but new management structures are still developing; • the Health Board has improved the evidence base for service planning and performance management, but still lacks an effective information system and there are several challenges in developing detailed plans for service change, including ensuring the wider community understands the reasons for change, and how the Health Board plans will be designed to improve maternity services; • the Health Board has put in place better safety processes and has increased staffing levels, but there are still some midwifery and sporadic neonatal capacity gaps across all parts of the Health Board; and • the Health Board has a clear focus on improving the maternity care pathway, although inconsistent clinical practices and high Caesarean section rates in some areas are still a concern.

Area of follow-up work	Conclusions and key audit findings
Outpatient services	Whilst the Health Board has standardised the way it runs and manages outpatient services, clinical practice remains inconsistent and in some areas inefficient and strong leadership is required to ensure clinical buy-in to the necessary service and practice modernisation. The reasons I came to this conclusion are: • the Health Board now has a clear understanding of where and how it provides outpatient services, including the staff and resources used, but not all community clinics are fully utilised; • operational process, such as how patients are booked, and how clinics are run and recorded are now standardised; • a clear vision and model for outpatient services is developing rapidly, which includes how developing localities will fit with outpatient services; and • there are now examples of both modern and innovative services within all parts of outpatient services, for example in Cardiology (East) office-based advice for GPs to manage patients in primary care, and rheumatology (across all areas). However: • the patient pathway for managing the same clinical condition varies between clinical teams across the Health Board; • without changes to the way clinicians practice, the number of follow-up patients who are overdue clinically-set review dates will remain at the current level (around 32,000); • whilst clinical leadership is in place through Chiefs of Staff, and Clinical Directors, it is not yet delivering the pace of change required at operational level in outpatient services; and • although job planning and clinical audit provide additional levers to drive change, they are not consistently used across all specialities.

Appendix 1

Reports issued since my last Annual Audit Report

Report	Date
Financial audit reports	
Audit of Financial Statements Report	June 2011
Opinion on the Financial Statements	June 2011
Opinion on the Whole of Government Accounts return	August 2011
Audit of the Financial Statements – Detailed Report	September 2011
Opinion on the Summary Financial Statements	September 2011
Performance audit reports	
Consultant Contract	June 2011
Operating Theatres and Day Case Surgery	July 2011
Maternity Services Follow-up	August 2011
Unscheduled Care Preliminary Follow-up	August 2011
EWTD Follow-up	September 2011
Outpatients Follow-up	November 2011
Structured Assessment Follow-up	November 2011
Other reports	
Outline of Audit Work 2011	March 2011

A number of performance audits are still underway at the Health Board. These are shown below, with estimated dates for completion of the work which indicate that all the performance audit work highlighted in my 2011 Outline of Audit work will be completed by the end of the 2011-12 financial year.

Report	Estimated completion date
ICT Business Continuity/Disaster Recovery	January 2012
Chronic Conditions Management	February 2012
Unscheduled Care – Detailed Follow-up	February 2012
ICT Data Quality	February 2012
Clinical engagement, including additional local scope	March 2012

Appendix 2

Audit fee

The Outline of Audit Work for 2011 set out the proposed audit fee of £507,013 (excluding VAT). My latest estimate of the actual fee is in accordance with the fee set out in the outline.

In addition to the fee set out above, the audit work undertaken in respect of the shared services provided to the Health Board by the Business Services Centre was £22,618.

During the year, I reviewed the performance audit work in the 2010 Audit Strategy that was still outstanding. This resulted in a refund from the 2010 audit fee of £29,260 (excluding VAT), as outlined in a letter to the Chief Executive in July 2011. The performance audit projects affected are shown below.

Topic	Status
ICT Business Continuity/Disaster Recovery (2010 work)	Full refund, and now part of our 2011 audit plan.
Child and Adolescent Mental Health Services Follow-up	Full refund, as superseded by National VfM study.
Local project on Continuing Healthcare	Full refund, as superseded by National VfM study.
Local ICT project: Patient Administration System implementation in central division of former North Wales NHS Trust (brought forward from my North Wales NHS Trust 2009 performance audit strategy)	Full refund, as implementation of a new system in the centre is on hold until 2013.

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