



WALES **AUDIT** OFFICE  

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SWYDDFA **ARCHWILIO** CYMRU

# Review of the process for implementing audit recommendations

## **Public Health Wales NHS Trust**

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# Status of report

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The person who delivered the work was Andrew Strong.

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# Summary report

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## Summary

1. Effective processes to handle, manage and monitor the implementation of audit recommendations are essential to ensure the Trust obtains the most benefit from regulation. This applies to the recommended actions of internal and external audit, as well as other inspection bodies.
2. Public Health Wales NHS Trust (the Trust) was established on 1 October 2009 and took over the responsibility for a number of public health functions, including:
  - National Public Health Services (formerly part of Velindre NHS Trust (Velindre));
  - Screening Services (formerly part of Velindre);
  - the Wales Centre for Health (formerly a Welsh Government Sponsored Body);
  - Congenital Anomaly Register and Information Services (formerly part of Abertawe Bro Morgannwg Local Health Board); and
  - the Welsh Cancer Intelligence and Surveillance Unit (formerly hosted by Velindre).
3. In late 2009 the Wales Audit Office produced a Legacy Statement for the Trust to highlight the audit recommendations previously reported to the above predecessor bodies. Our review aimed to assess the Trust's mechanisms for tracking progress against audit recommendations and to assess progress in implementing the performance audit recommendations reported in the Legacy Statement.
4. We have therefore undertaken a review that sought to answer the question:
  - 'Does the Trust have effective mechanisms in place to manage and monitor the progress made against external audit recommendations?'
5. Our overall conclusion is that the Trust has established a reasonable process to track progress against audit recommendations although a number of improvements to strengthen the process can be made.
6. In summary, the reasons for this conclusion are set out below:
  - since December 2010 the Trust has established a process to track progress against audit recommendations although there is scope to further improve; and
  - audit actions reported in the Legacy Statement were not taken forward by the newly formed Trust and this was presented to the Audit Committee for approval.
7. These findings are considered in more detail in the following sections of this report. The recommendations arising from our work are set out below.

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## Recommendations

8. This review has identified the following recommendations which should help the Trust to improve its current approach to managing the progress made against audit recommendations.

R1 Identify, for all audit recommendations in the audit action log, the date when the audit report was finalised.

R2 Establish a mechanism to consider Wales Audit Office national value for money reports to identify if and how the Trust can benefit from each study. Allocate responsibility for this task to an appropriate Trust manager.

R3 Develop an analysis of the number of audit recommendations made, ongoing and completed in a period giving their priority.

# Detailed report

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## Since December 2010 the Trust has established a process to track audit recommendations although there is scope to make improvements in a number of ways

9. During December 2010 the Trust established a process to handle, manage and monitor progress on implementing audit recommendations. The Trust introduced an audit action log to record and identify the current position with respect to audit recommendations. The audit action log is reported to each Audit Committee meeting.
10. The key features in the mechanism to handle, manage and monitor progress on implementing audit recommendations are summarised below:
  - Recommendations are added to the audit action log once the final report has been presented to the Audit Committee and an action plan has been agreed.
  - The audit action log outlines the key information required to handle and manage the agreed action and includes a reference number, date added to log, recommendation, priority, management action, responsibility, accountable officer, agreed implementation date, progress status and comments on progress.
  - Before every Audit Committee, relevant progress is updated by the action owner as appropriate.
  - The status of each audit action is colour coded as follows:
    - red – action has not been completed by the agreed date;
    - amber – action is not on target to be completed by the agreed date;
    - yellow – action is on target to be completed by the agreed date; and
    - green – completed.
  - Trust officers and the Audit Committee can monitor progress made by reviewing the status of each audit action.
  - Once recommendations have been fully implemented and reported to the Audit Committee, they are removed from the open items part of the audit action log and transferred to a record of completed audit actions. This ensures that an audit trail is retained for each recommendation.
11. Whilst a reasonable process to handle, manage and monitor audit recommendations has been established, the Trust recognises that the process can be further enhanced. We have identified the following ways for the Trust to strengthen its approach:
  - The Trust records the date that an action is added to the log but does not always record the date a report or recommendation is reported to the Trust. Recording this information would help ensure the Audit Committee has a clear picture of the age of all audit recommendations.

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- The Trust has established an indicative timescale within which to produce a local action plan from each audit report and include those actions on the audit action log. For example, the recommendations from the Consultant Contract Report, which was finalised in May 2011 and presented to the Audit Committee on 6 June 2011, plan to be incorporated into the audit action log presented to the September 2011 Audit Committee. As a result, the Audit Committee will be able to assess the progress made against these recommended actions.
  - In March 2011 we also agreed our Structured Assessment report to the Trust. In that report we made a number of recommendations regarding the Trust's arrangements to ensure that resources are used efficiently, effectively and economically and in a way which provides the firm foundations for sustainable service improvements. The Trust plans to add these recommendations or development actions to the audit action log presented to the September Audit Committee. As a result, the Audit Committee will be able to assess the progress made against these development actions.
  - The audit position statement presented to the Audit Committee mentions national value for money examinations by the Wales Audit Office that are relevant to the NHS. Although these examinations do not have recommendations that are directly made to the Trust they contain relevant good practice and improvement actions that may benefit the Trust. The Trust should establish a mechanism to formally assess and consider these national value for money reports.
  - In accepting and agreeing audit recommendations the Trust would benefit from using the SMART<sup>1</sup> approach to action planning. This approach would help ensure that the Trust fully understands the actions required to address recommendations so these can be completed on a timely basis.
  - The Trust is set a number of recommendations from both internal and external audit across a wide range of reviews. It is good practice to provide a summary for the Audit Committee of the number of actions and progress across priority ratings. This will help an Audit Committee to gauge the overall progress made against audit actions on an annual basis. Therefore, Audit Committee members may also find it useful to be provided with a simple analysis of the number of recommendations made and completed in a period. For example, it is good practice to produce an annual summary, to demonstrate the overall progress made across a range of audit reviews, both internal and external.

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<sup>1</sup> SMART – It is generally accepted that objectives, outcomes and performance targets should be Specific, Measurable, Achievable, Realistic and Timely.

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## **Audit actions reported in the Legacy Statement were not taken forward by the newly formed Trust and this was presented to the Audit Committee for approval**

12. In late 2009 the Wales Audit Office produced a Legacy Statement for the Trust to identify those audit recommendations previously reported to its predecessor bodies. We intended, through this review, to measure the progress made in implementing the performance audit recommendations reported in the Legacy Statement.
13. The Change Management Board, in its review of the legacy and transition issues looked at the recommendations contained in the Legacy Statement in late 2009 to identify those that were either applicable, relevant to the new Trust or where improvement actions were needed. The Change Management Board decided that no performance audit recommendations should be carried forward by the Trust from the Legacy Statement to the audit action log. The reasons behind this decision included:
  - recommendations in the Legacy Statement were not fully applicable and relevant to the newly formed Trust;
  - some recommendations that applied were relating to services provided to the Trust by Velindre under the Corporate Services Service Level Agreement; and
  - the Trust would use instead, the Wales Audit Office's planned Structured Assessment work of late 2010 as a baseline to identify the broad areas which needed improvement action to be taken forward by the new Trust.
14. This decision was presented to the first meeting of the Audit Committee for approval in December 2009. It is considered good practice to document such decisions and present this for approval to the Audit Committee, thus providing a clear audit trail to support the decision making process.
15. We have not reviewed the progress made by the Trust on implementing our performance audit development recommendations identified in the Structured Assessment Report presented to the Audit Committee in March 2011. We agreed to delay such a review by at least six months to allow the Trust to implement the actions reported, and, as yet, the audit action log has not been updated with these development actions. We plan to review progress against these actions as part of our 2011 Structured Assessment work planned in October 2011. Part of the Structured Assessment will involve establishing what actions have been taken since March 2011 to address the development actions reported and assess the progress made where recommendations have not yet been fully implemented.







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