

# Structured Assessment 2021 (Phase Two) – Corporate Governance and Financial Management Arrangements – Velindre University NHS Trust

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# Summary report

## About this report

- 1 This report sets out the findings from phase two of the Auditor General's 2021 structured assessment work at Velindre University NHS Trust (the Trust). Our structured assessment work is designed to help discharge the Auditor General's statutory requirement to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency, and effectiveness in their use of resources under section 61 of the Public Audit (Wales) Act 2004. Our [2021 structured assessment phase one report](#) considered the Trust's operational planning arrangements and how these are helping to lay the foundations for effective recovery.
- 2 The COVID-19 pandemic required NHS bodies to quickly adapt their corporate governance and decision-making arrangements to ensure timely action was taken to respond to the surge in emergency COVID-19 demand and to ensure the safety of staff and patients. Our [2020 structured assessment report](#) considered the Trust's revised governance arrangements and was published in September 2020.
- 3 NHS bodies have continued to respond to the ongoing challenges presented by COVID-19, whilst also starting to take forward plans for resetting and recovering services affected by the pandemic. Our 2021 structured assessment work, therefore, was designed in the context of the ongoing response to the pandemic thus ensuring a suitably pragmatic approach to help the Auditor General discharge his statutory responsibilities whilst minimising the impact on NHS bodies as they continued to respond to COVID-19.
- 4 Phase two of our 2021 structured assessment has considered how corporate governance and financial management arrangements have adapted over the last 12 months. The key focus of the work has been on the corporate arrangements for ensuring that resources are used efficiently, effectively, and economically. We have also considered how business deferred in 2020 has been reinstated and how learning from the pandemic is shaping future arrangements for ensuring good governance and delivering value for money. We have also sought to gain an overview of the Board's scrutiny of the development and delivery of the Trust's 2021-22 Annual Plan.
- 5 We have provided updates on progress against any areas for improvement and recommendations identified in previous structured assessment reports.

## Key messages

- 6 Overall, **the Trust is well governed with clear, effective arrangements to manage its finances.**
- 7 The Trust has good governance arrangements which adapted well to the pandemic. The Trust has streamlined its Board committee structure and postponed Board and committee business is being reactivated. The quality and presentation

of information at Board and committees are good, but on occasions, papers include content which is perhaps too detailed. Transparency of Board business to the public is good, but there are some opportunities for improvements.

- 8 The Trust has introduced improved risk management arrangements and is currently refreshing quality governance arrangements. The Trust is developing detailed plans to ensure ongoing business continuity and increase capacity to respond to increasing demand for services. However, not all strategic priorities are supported by specific, timebound actions for delivery.
- 9 The Trust has good arrangements to manage its financial resources and continues year on year to meet its financial duties. Financial controls are effective, and the Trust uses clear, timely financial information to monitor and report its performance.

## Recommendations

- 10 Recommendations arising from this audit are detailed in **Exhibit 1**. The Trust's management response to these recommendations is summarised in **Appendix 1**. **Appendix 1** will be completed once the report and management response have been considered by the relevant committee.

### Exhibit 1: 2021 recommendations

#### Recommendations

##### Transparency of Board business

- R1 Some committee meeting papers are missing from the website, as are links to recordings of Board meetings. The Trust should ensure that it strengthens the process for the collation, sign off and timely publication of:
- committee meeting papers; and
  - recordings of Board meetings.

##### Articulation of strategic priorities

- R2 Not all the Trust's strategic priorities in the Annual Plan are supported by specific, timebound actions for delivery, and the intended outcome. In future, the Trust should ensure that all strategic priorities are supported by discrete objectives, each underpinned with specific, timebound actions for delivery and the intended outcome.

# Detailed report

## Governance arrangements

- 11 Our structured assessment work considered the Trust's governance arrangements while continuing to respond to the challenges presented by the pandemic.
- 12 **The Trust is well governed with a commitment to continuous improvement and embedding good governance across its business.**

## Conducting business effectively

- 13 **The Trust has good arrangements to conduct Board and committee business effectively, but opportunities to enhance public transparency remain.**

### Public transparency of Board business

- 14 The Trust's Board and committee meetings continue to be virtual, with people attending remotely. All public Board meetings are broadcast live to allow the public to attend virtually and video recordings are made available on the Trust's website. Our review of the Trust's website in August 2021 identified that recordings were available for six out of eight Board meetings held since July 2020<sup>1</sup> (see **Recommendation 1**). The Trust currently has no plans to live stream or make available recordings of committee meetings.
- 15 Board papers are published in advance of meetings on the Trust's website. Committee meeting papers should be published in advance, but we identified some exceptions<sup>2</sup>. We note that the Trust upgraded its website earlier in 2021, and therefore needed to migrate content from the previous website, which may explain some omissions. (See **Exhibit 2, 2018 R1** and **Recommendation 1**).
- 16 Board and committee minutes are published on the Trust's website when included in papers for the next meeting. The Trust may want to consider publishing unconfirmed minutes a few days after each Board and committee meeting, whilst retaining agreement of accuracy in the following meeting. This would help increase transparency, particularly as the public is currently unable to attend committee meetings in person or watch a live stream or a recording.
- 17 The Trust has continued to engage regularly with patient advocates from the Community Health Council. Representatives also regularly attend Board and committee meetings and provide views on service changes and public accessibility to Trust business.

<sup>1</sup> There were no video recordings available for March and June 2021 Board meetings on the website.

<sup>2</sup> Papers for the 28 June 2021 Strategic Development Committee meeting are omitted, as are papers for the 15 July 2021 and all 2020 Quality, Safety and Performance Committee meetings.

18 The Trust's register of Board members' interests is updated on an annual basis.

## Exhibit 2: progress made on previous year recommendations

Recommendation	Description of progress
<p><b>Transparency of Board business 2018 R1</b></p> <p>The Trust publishes agendas for public committee meetings in advance of meetings, but not the full set of papers. The Trust should publish all committee papers in advance of public meetings.</p>	<p><b>Superseded</b></p> <p>We have made a new recommendation that the Trust should ensure that it strengthens the process for the collation, sign off and publication of committee meeting papers in advance of meetings, and unconfirmed minutes added shortly after meetings. See 2021 <b>Recommendation 1</b>.</p>

## Board and committee arrangements

- 19 Last year, our structured assessment set out the Trust's streamlined Board and committee arrangements implemented in March 2020 to respond to COVID-19 and allow focus on business-critical matters. Rather than revert to the pre-pandemic Board committee structure, the Board approved a new streamlined structure in September 2020<sup>3</sup> (see **paragraph 20**).
- 20 Assurance of Trust performance is now considered alongside quality and safety matters in the Quality, Safety and Performance Committee. Whilst agenda items are relevant and appropriate, we feel that the amount of detail provided to the committee on many items is too great<sup>4</sup>. Further work is needed to agree the amount and level of detail needed to provide necessary assurance to the committee. Consideration is also needed on how to best summarise and synthesise information to help provide focus on key matters.
- 21 The new Strategic Development Committee provides space for the Board to discuss and approve aspects of strategy direction and development prior to full Board approval. The Trust is still developing the work programme for the committee; however, Board members told us that it provides a good opportunity to scrutinise matters relating to developing strategic intent.

<sup>3</sup> The required variation to the Board's Standing Orders was scrutinised and approved by the Audit Committee and Board in autumn 2020, and again in July 2021 (to reflect changes to the NHS Model Standing Orders).

<sup>4</sup> The May 2021 and July 2021 Quality, Safety and Performance Committee papers were both more than 700 pages.

- 22 We have considered the Board committees' cycles of business and agendas and have undertaken observations of committee meetings. The new structure provides clarity in Board committee (and sub-committee) assurance responsibilities. The structure has good potential to ensure increased triangulation of workforce and financial data alongside both performance and quality/safety issues.
- 23 Until April 2021, the Audit Committee agenda included assurance on NHS Wales Informatics Service matters as a service hosted by the Trust. On 1 April 2021, hosting arrangements ceased<sup>5</sup>. This presents an opportunity for the Audit Committee to allocate greater time to undertake deeper dives in existing agenda items, or support the work of other committees, for example, matters relating to information governance and/or cyber security.
- 24 The Board plans to undertake a review of its new streamlined committee structure later in 2021 and has confirmed it will consider our views on the Quality, Safety and Performance Committee at the same time (**paragraph 18**). Given the length of some committee meetings, the Board should consider piloting re-ordering agendas by placing items for assurance at the start of meetings. At other health bodies, we have observed that re-ordering agendas in this way helps to manage the time and energy levels in meetings to enable good scrutiny where it is needed most.

## Board and committee information

- 25 During the first peak of COVID-19 in 2020, some items of Board and committee business were necessarily paused and added to the recovery log. In autumn 2020, items were brought back into active management with appropriate scrutiny arrangements mapped to the new committee structure. In February 2021, whilst the Trust was responding to the second peak of COVID-19, the Board reviewed and agreed proposals to pause items of Board and Committee business and some Trust work programmes. At the time of writing this report, paused items had either recommenced, or there was an agreed timescale by which to do so.
- 26 The Trust continues to provide good quality, accessible information to its Board. As we observed last year, officers provide clear verbal presentations identifying specific issues or under-performance. Cover reports set out the purpose of papers and include relevant impact assessments undertaken. There is clarity about which committees and/or management groups have previously considered papers. The Trust told us it intends to provide guidance and training on writing and presenting Board and committee reports. The training/guidance provides an opportunity for the Trust to ensure that all Board and committee papers focus on key issues and address concerns we set out in **paragraph 18**, regarding the amount and level of detail in some committee papers.

<sup>5</sup> NHS Wales Informatics Service ceased as a hosted service following the creation of Digital Health and Care Wales as a separate Strategic Health Authority.



- 27 The Trust has long intended to make significant improvements to performance information reports (the performance measurement framework). Progress has been delayed due to the pandemic. However, the Trust has undertaken an initial tranche of work in relation to Velindre Cancer Centre performance reporting. A summary dashboard of performance across all measures is now included, and improvements have been made to the explanations of current performance and actions to be taken. Further work is planned later in 2021 and in 2022 to develop a fully revised performance measurement framework using improved business intelligence reporting. Plans also include developing more outcome-based measures, adding benchmark comparisons, and aligning reporting to strategic priorities.

### **Board commitment to continuous improvement**

- 28 The Board is required to undertake an annual self-assessment of its effectiveness. The Board concluded that it could define itself as ‘having well developed plans and processes and can demonstrate sustainable improvement throughout the organisation’<sup>6</sup>. Our observations of Board and committee meetings found they continue to be effective and well chaired. Attendees abide with good meeting etiquette and opportunities are provided for questions and comments. There continues to be a constructive relationship between executive officers and independent members.
- 29 During the pandemic, board development sessions were paused at times to enable regular Board briefings, ensuring IMs have been fully briefed on the Trust’s response to COVID-19 and associated issues and risks. In September 2020, a Board development programme was developed to support the Board and executives in meeting the challenges of a continually evolving operating environment. The programme will be delivered by the end of 2021.
- 30 The Trust has undertaken a review of governance lessons learnt across NHS Wales whilst responding to the pandemic. The Trust assessed its governance arrangements to identify areas where improvements could be made. Generally, the Trust’s governance arrangements compared well, although some further improvements were identified.

### **Ensuring organisational design supports effective governance**

- 31 In our Structured Assessment 2020 report we described the Trust’s incident management structure that was set up to ensure agile and rapid decision making during the pandemic. Whilst the incident management structure was stood down

<sup>6</sup> Velindre University NHS Trust, Accountability Report 2020-21.

during summer 2020, Gold and Silver Command groups<sup>7</sup> were reactivated in October 2020 until spring 2021, which enabled continued agility in the Trust's decision making through the second wave of COVID-19. The Trust is now considering how to embed new ways of working implemented during the pandemic, including improved clarity of decision-making responsibilities, agility of decision making and retaining the Clinical Advisory Group (set up during the pandemic) to provide expertise in developing strategic intent.

- 32 The Trust has aligned some key business support functions, such as digital support, to enable more efficient working across the Trust (see **Exhibit 3, 2018 R8**). The Director of Corporate Governance has taken on an additional Chief of Staff role, for an interim period. After six months, the Trust will assess whether the arrangement should continue on a permanent basis; this will be dependent on ensuring that there is no impact on the postholder's existing responsibilities, including ensuring the effective functioning of the Board and its committees.

**Exhibit 3: progress made on previous year recommendations**

Recommendation	Description of progress
<p><b>Closing capacity and capability gaps 2018 R8</b></p> <p>The Trust should prioritise a review of support services in the two divisions to identify areas that could be integrated to reduce the duplication of effort, increase organisational learning and to inform plans to address capacity and capability gaps.</p>	<p><b>Complete</b></p> <p>The Trust has aligned some business support functions where similar services are provided by separate teams within the two divisions. The Trust told us that aligning support functions has enabled it to work more efficiently and ensure organisational learning across the divisions.</p>

<sup>7</sup> Gold Command Group was responsible for strategic decision making. Silver Command groups in the Welsh Blood Service and Velindre Cancer Centre were responsible for tactical decision making, supported by Bronze Command groups making operational decisions.

## Planning for recovery<sup>8</sup>

- 33 **The Trust is developing detailed plans to ensure ongoing business continuity and increase capacity to respond to increasing demand for cancer and blood services. However, not all strategic priorities are supported by specific, timebound actions for delivery.**
- 34 The Board discussed and approved the Trust's draft operational plan for 2021-22 (the Annual Plan) in its March 2021 private Board meeting. In June 2021, the Strategic Development Committee endorsed the final Annual Plan and supporting financial plan. The Board subsequently approved the final Annual Plan on 30 June 2021 via a Chair's Urgent Action. There was good scrutiny of both the draft and the final versions, with the Board seeking assurance that the plan was realistic and achievable.
- 35 The Annual Plan focusses on continued service sustainability and ongoing recovery. It provides detail on how the Trust intends to increase capacity to meet the anticipated surge in referrals for cancer services and increased demand for blood and blood products during 2021-22 and beyond. Welsh Government feedback on the draft plan noted that further information on 'prevention, inequalities, mental health, decarbonisation and social partnerships' would strengthen the final plan, but the Trust did not add any further information in these areas.
- 36 The Annual Plan sets out six overarching strategic priorities for the Welsh Blood Service. Each strategic priority is underpinned by several objectives with specific and timebound actions for delivery. There are five strategic priorities for Velindre Cancer Centre, each supported by only one key objective covering many topics; actions for delivery are generally vague and none include delivery milestones. It will be difficult to assess whether the action was delivered or not, and whether delivery was on time. Velindre Cancer Centre should develop strategic priorities underpinned by specific, timebound actions for delivery. Both divisions would benefit from articulating intended outcomes to help assess the impact achieved (**Recommendation 2**).
- 37 The Trust has a Consolidated Action Tracker, which contains a summary of delivery of the actions set out in its plans. The tracker is regularly updated with a short summary of progress against each action and a traffic light system shows the status of the action. The tracker is reviewed each month by the Operational Management Groups and the Executive Management Board. The Trust provides a

<sup>8</sup> NHS bodies are required to submit a three-year Integrated Medium Term Plan (IMTP) to the Welsh Government on an annual basis. The IMTP process for 2020-23 was paused by the Welsh Government in March 2020, to allow NHS bodies to focus on responding to the COVID-19 pandemic. Instead, health bodies were required to submit quarterly plans during 2020-21 as well as prepare an annual plan for 2021-22 by 31 March 2021. Our 2021 structured assessment phase one report considered the Trust's operational planning arrangements.

summary of progress against actions set out in the plans to the Board on a quarterly basis (see **Exhibit 4, 2019 R3**).

- 38 In June 2021, the Board received a report on the progress set out in the Trust’s 2020-21 quarterly plans. 185 out of 235 actions were completed, nine were considered no longer relevant, seven were paused due to COVID-19 and 34 rolled forward to the Annual Plan.

**Exhibit 4: progress made on previous year recommendations**

Recommendation	Description of progress
<p><b>Monitoring delivery of strategic priorities 2019 R3</b></p> <p>The Board should agree the information it requires to support its scrutiny of progress made to deliver all strategic priorities (and supporting actions) set out in the Integrated Medium Term Plan. Information should include as a minimum, progress to date and, where milestones are not met, resulting remedial actions.</p>	<p><b>Complete</b></p> <p>The Board has agreed the information need to scrutinise delivery of strategic priorities, and reviews progress on a quarterly basis.</p>

**Systems of assurance**

**Managing risk**

- 39 **The Trust is making good progress to develop and embed new risk management arrangements.**
- 40 In previous structured assessments, we have recommended that the Trust develop a Board Assurance Framework<sup>9</sup>. During 2020, several workshops were held to seek staff views, and independent members were involved in developing a Board Assurance Framework. Ten principal risks to achieving strategic priorities and a template were approved by the Board in 2020.
- 41 During 2021, work to progress the Board Assurance Framework was paused due to COVID-19 pressures. Work recommenced in summer 2021, with executive officers taking the lead for populating the template with key controls and sources of assurance for the risks falling in their areas of responsibility. The first draft

<sup>9</sup> A key document for recording and reporting the risks to achieving strategic priorities, the controls needed to mitigate against risks, sources of assurance, responsible executive officers and committee scrutiny arrangements.

populated Board Assurance Framework was shared at the September 2021 Board meeting. The next steps involve refining the information in the Board Assurance Framework and ensuring it is comprehensive and progressing work to fill identified gaps in sources of control and assurance.

- 42 The Trust and Board recognise that the Board Assurance Framework must be a live tool which drives the Board's agenda and requires regular Board committee scrutiny and oversight of delegated risks. Our view is that significant positive progress has been made, but it is too early to comment on the success of application of the Board Assurance Framework. The Trust will need to ensure there is sufficient training for Board members, and the Board will collectively need to agree how to utilise the Board Assurance Framework to assess the risks to achieving strategic priorities (see **Exhibit 5, 2019 R2**).
- 43 When reviewing the performance measurement framework and addressing **Recommendation 2** (specific, timebound actions for delivery), the Trust should consider how to map/align performance information to the Board Assurance Framework as an additional layer of intelligence.
- 44 Last year, our structured assessment found that the Trust had effectively adapted its risk management arrangements to identify and manage new COVID-19-related risks and was making good progress towards introducing longer-term risk management improvements. In September 2020, the Board approved the Trust's new Risk Management Framework, Risk Appetite Statement and associated risk management procedures and user guides. Risk management training for managers and staff has been developed, with plans for roll out later in 2021. The new Risk Management Framework (and associated documents) is comprehensive and provides clarity on arrangements to manage risk; however, it is too early to assess its application (see **Exhibit 5, 2019 R2**).
- 45 The Trust undertook a significant review of all open risks on operational risk registers during 2021. The review was necessary to ensure all risk information is current and complete prior to the migration of all risks to a new version of DATIX<sup>10</sup>. Once complete, operational risk registers will be standardised across the Trust. Escalation of risks to the Trust Risk Register will be consistent Trust-wide, with escalation trigger scores appropriate to risk tolerance levels set out in the risk appetite.
- 46 The Trust took the Trust Risk Register to the September 2021 Board meeting. An update confirmed that most, but not all risks had been transferred to the new version of DATIX. There were 111 risks on the Trust Risk Register. The Trust recognises that there may need to be some consideration of either scoring, or escalation trigger scores as it was felt that some of the risks were not significant enough to warrant Board level scrutiny. Further refinement is planned. The Trust must ensure that all teams/departments within the Trust are consistently using

<sup>10</sup> Datix is a web-based incident reporting and risk management system used by healthcare organisations.

DATIX risk registers, and do not use separate, local arrangements<sup>11</sup>. See **Exhibit 5, 2016 R7c and 2019 R2**.

47 The Trust had originally intended to start reporting the revised Trust Risk Register, (incorporating the changes set out in **paragraph 43**) by December 2020. However, the review of operational risks was impacted by COVID-19 pressures and capacity gaps in the risk management team. Consequently, prior to September 2021, the Board and its committees last received a Trust Risk Register in July 2020, this was not challenged by the Board. In our view, the legacy Trust Risk Register should have continued to be maintained and considered by the Board in the absence of the new version. The Trust told us that the Executive Management Board and the Board and its committees have continued to review key risks relating to quality and safety; Transforming Cancer Services<sup>12</sup>; research, development, and innovation; Brexit-related issues; and COVID-19. We found that papers in these areas have been provided to the Board and/or its committees for consideration. However, the absence of a Trust Risk Register for more than 12 months means it is not possible for us to assess whether any other significant risks had arisen, but not sighted by the Board.

**Exhibit 5: progress made on previous year recommendations**

Recommendation	Description of progress
<p><b>Risk management 2016 R7c</b> The Trust should standardise the format of its various risk registers, ensuring the good practice elements of each register are spread across the organisation.</p>	<p><b>In progress (overdue)</b> The Trust is reviewing all operational risks. Risk registers will be migrated to a new version of DATIX. The Trust has developed a standardised approach to reporting and escalating risks Trust-wide.</p>

<sup>11</sup> Internal Audit’s Velindre Cancer Centre Divisional Review (March 2021) identified at that time some departments that did not use DATIX to record risks.

<sup>12</sup> The Transforming Cancer Services programme aims to meet the increasing demand and complexity of cancer care and to deliver more care closer to home.

Recommendation	Description of progress
<p><b>Board assurance and risk management 2019 R2</b></p> <p>The Trust should complete the development of its Board Assurance Framework with pace, ensuring that it is appropriately underpinned by up to date risk management arrangements. Specifically, the Trust should</p> <ul style="list-style-type: none"> <li>• review the principal risks to achieving strategic priorities and ensure the necessary assurances have been mapped and reflected in the new BAF;</li> <li>• update the risk management framework, ensuring clear expression of risk appetite and arrangements for escalating strategic and operational risks; and</li> <li>• provide risk management training to staff and Board members on resulting changes to the risk management framework.</li> </ul>	<p><b>In progress (overdue)</b></p> <p>The Board Assurance Framework template and key strategic priorities are complete. Key controls and sources of assurance are being developed. The aim is for the Board Assurance Framework to be operationalised in September 2021.</p> <p>Work on the Risk Management Framework and Risk Appetite is complete.</p> <p>Work on operational risks and risk registers is ongoing, with the aim of completion by the September 2021 Board meeting.</p> <p>Risk management training for staff has been developed and due for roll out later in 2021.</p>

## Tracking progress against audit and review recommendations

- 48 **The Trust has good arrangements to monitor its progress in responding to audit and review recommendations, although there is no mechanism to ensure that action taken fully addresses the recommendation.**
- 49 The Audit Committee has an established approach for tracking progress against audit recommendations. However, there is still no mechanism in place for the Audit Committee to satisfy itself that actions taken were satisfactory (see **Exhibit 6, 2018 R4b**). The Quality, Safety and Performance Committee has a tracker for external and internal audit improvement recommendations.
- 50 The Trust has developed a record of their regulatory and inspection. The record includes the date of last formal review, management responses to recommendations and any further scheduled reviews. It is proposed that the document become a standing item on the Audit Committee agenda.

## Exhibit 6: progress made on previous year recommendations

Recommendation	Description of progress
<b>Tracking Internal and External audit recommendations 2018 R4b</b> Implement a mechanism for ensuring that when Internal Audit and External Audit actions are completed, the responsible officer provides a brief summary of the actions taken to the Audit Committee, along with a request to close the action.	<b>No progress (overdue)</b> No progress has been made on this recommendation.

## Quality and safety assurance<sup>13</sup>

- 51 **The Trust continues to provide assurance on staff and service user safety and is refreshing its quality governance framework.**
- 52 The Trust provides good information on staff safety and wellbeing to the Board. In the early stages of the pandemic, the Board took responsibility for overseeing staff safety and wellbeing, with updates provided at Board meetings. In July 2021, the Quality, Safety and Performance Committee received a wellbeing update, which set out the initiatives in place, results from staff surveys and associated learning, and a summary of further actions. The Trust continues to work closely with Trade Union representatives to monitor the workforce dashboard, which includes performance information on personal protective equipment training and risk assessment completion rates along with sickness absence rates.
- 53 Through its scrutiny of the performance measurement framework, the Board continues to monitor potential harm to patients from longer than normal waits for treatment. The Quality, Safety and Performance Committee receives regular patient and donor feedback, and reports outline learning and resulting actions. The Quality, Safety and Performance Committee continues to consider patient stories and how learning is shared.
- 54 In previous structured assessments, we have made recommendations relating to addressing weaknesses in the scrutiny of clinical audit planning and reporting. We have provided our recommendations on clinical audit in **Exhibit 7**, we will consider the progress made in our review of quality governance arrangements.

<sup>13</sup> We have limited the work we have undertaken on quality governance arrangements as part of our 2021 structured assessment as we are undertaking a separate review of quality governance arrangements at the Trust. The review will consider whether the organisation's governance arrangements support delivery of high quality, safe and effective services. We will report our findings later in 2021.



## Exhibit 7: progress made on previous year recommendations

Recommendation	Description of progress
<p><b>Clinical audit scrutiny 2018 R5a</b> The Quality and Safety Committee should review and approve clinical audit plans, ensuring that clinical audit plans address any risks to achieving strategic priorities and organisational risks.</p>	<p>We have not considered these recommendations as part of our Structured Assessment work. We will consider them as part of our quality governance arrangements report.</p>
<p><b>Clinical audit scrutiny 2018 R5b</b> Improvements should be made to the content of clinical audit reports from both VCC and WBS to clearly identify the audit findings, any associated risks and actions for improvement and follow-up.</p>	
<p><b>Clinical audit scrutiny</b> The Quality and Safety Committee should assure itself that clinical audit findings are addressed.</p>	
<p><b>2018 R5d Clinical audit scrutiny</b> The Audit Committee should clarify how it assures itself that the clinical audit function is effective.</p>	

## Managing financial resources

- 55 Our work considered the Trust's financial performance, financial controls and arrangements for monitoring and reporting financial performance.
- 56 **The Trust manages its financial resources well and has good arrangements to monitor and report its financial activity.**

## Achieving key financial objectives

- 57 **The Trust achieved its financial duties at the end of 2020-21, and has a clear financial plan to deliver services in 2021-22.**

### Financial performance 2020-21

- 58 In 2020-21, the Trust reported a small surplus of £16,000. The Trust also achieved its statutory financial duty to achieve break-even over a rolling three-year period (2018-19 to 2020-21). However, COVID-19 had a considerable impact on the Trust's finances in the year.
- the Trust reported a year-end underachievement of £1.077 million on income, this was largely related to underactivity caused by COVID-19.
  - the Trust underspent (against the plan) on pay by £1.116 million, partly caused by vacancies and staff being re-directed and supported by additional Welsh Government COVID-19 funding (see **paragraph 56**). However, pay costs increased on the prior year, due to the pay award, the NHS bonus payment, an increase in agency spend and additional staff recruited to respond to COVID-19.
  - the Trust reported an overall underspend (against the plan) of £23,000 on non-pay expenditure. General reserves were used to support overspending in some areas.
- 59 The Trust had a savings requirement of £1.4 million for 2020-21 (£1.2 million recurrent and £200,000 non-recurrent). Of this amount, £800,000 was categorised as savings schemes and £600,000 as income generating schemes. A significant proportion of the savings were expected to be delivered through service redesign and workforce rationalisation; however, COVID-19 meant it was impossible to enact the changes. The Trust reported an underachievement of £700,000 against the savings plan as a direct result of COVID-19.
- 60 The total expenditure relating to COVID-19 during 2020-21 was £15.591 million<sup>14</sup> – £11.532 million relating to non-pay and pay expenditure, £3.984 million relating to pay and £700,000 relating to non-achievement of savings. This was offset by a reduction in activity-related costs of £625,000, and the rest by additional funding

<sup>14</sup> This excludes NHS Wales Shared Services Partnership expenditure.

from the Welsh Government. Additional costs included hospice funding, the Wales convalescent plasma service pilot, and mass vaccinations.

## Financial performance 2021-22

- 61 The Trust's financial plan for 2021-22 was included in the Annual Plan. The financial plan includes:
- an underlying deficit of £700,000 brought forward from 2020-21 (the underachievement of savings);
  - new cost pressures/investment of £9.307 million, with a recurring effect of £1.357 million;
  - an ambition to achieve new recurring income of £8.582 million and achieve savings of £1.1 million (with a recurring effect of £925,000); and
  - the aim to reduce the underlying deficit into the next financial year to £500,000.
- 62 By month six, the Trust had received an additional £4.846 million funding from the Welsh Government towards COVID-19 response and recovery costs. The Welsh Government has confirmed the Trust will receive additional funding for COVID-19, costs.
- 63 The Trust's approved capital funding for 2021-22 totalled £9.156 million. This includes all-Wales capital funding of £7.245 million and discretionary funding of £1.911 million. The Trust reported capital spend to Month 6 was £2.045 million and is forecasting to remain within the agreed £9.156 million. The Trust is seeking additional all-Wales capital funding for bespoke infrastructure projects.
- 64 The Trust's month six 2021-22 financial report shows that it is likely to meet its financial duty to break even over a three-year rolling period and achieve its saving target for the financial year.

## Financial controls

- 65 **The Trust continues to have good controls to monitor financial activity, and to prevent, detect and respond to fraud.**
- 66 Internal Audit's review of the Trust's financial systems, reported in January 2021, gave reasonable assurance of financial controls it examined; these were debt, cash, and financial management. Whilst the review found there were sound processes in place in the areas examined, the review made recommendations to improve controls and monitoring in specific areas of debt management.
- 67 No significant control weaknesses were identified from our 2020-21 accounts opinion work at the Trust.
- 68 The Trust reports regularly to the Audit Committee on procurement, losses, and special payments, and counter-fraud matters. Procurement reports clearly set out the number of Single Tender Actions and Single Quotation Authorisations and the

reasons why officers did not follow standard procurement procedure. The value and reasons for deviation from standard procurement procedures are clearly set out in the Trust's procurement reports which are scrutinised by the Audit Committee.

- 69 Where Chair's actions out of committee have been necessary, there is a log of the decision, evidence of Board scrutiny and subsequent ratification by the Board.
- 70 The Trust has maintained decision logs relating to COVID-19 financial expenditure. Expenditure relating to COVID-19 is included on the monthly monitoring returns to the Welsh Government and reported to Board.
- 71 Our October 2020 review of the Trust's counter-fraud arrangements found that the Trust demonstrates a commitment to counter fraud, has suitable arrangements to support the prevention and detection of fraud and is able to respond appropriately where fraud occurs.

## Monitoring and reporting

- 72 **The Trust uses clear and accessible information to monitor and report its financial performance.**
- 73 The Trust reports financial performance at every Board meeting, and we have observed good scrutiny of their content. Alongside verbal presentations from officers, the reports provide more context on the reasons for over or under spends and the factors affecting planned savings. The information is published on the Trust's website with its Board papers. Our review of financial reports reported to Board found they provide high-quality and timely information on financial performance, including financial savings and cost drivers related to COVID-19. Finance reports also clearly identify financial risks and cost implications.

# Appendix 1

## Management response to audit recommendations

The following table sets out the Trust's management response to our 2021 (phase 2) structured assessment audit recommendations. The Trust should also ensure that outstanding recommendations from previous structured assessments are actioned. Any recommendations from previous years, that we consider to still be open are set out in the body of this report.

Recommendation	Management response	Completion date	Responsible officer
<b>Public transparency of board business</b> R1 Some committee meeting papers are missing from the website, as are links to recordings of Board meetings. The Trust should ensure that it strengthens the process for the collation, sign-off and timely publication of: <ul style="list-style-type: none"><li>committee meeting papers in advance of meetings; and</li><li>recordings of Board meetings.</li></ul>	<p>The Corporate Governance team have introduced a new end to end Board Committee tracker, to strengthen and tighten the process for effective management of Trust Board and Committee meetings and papers.</p> <p>A review of the website content has been completed and all missing content has been added</p> <p>All of the Corporate Governance team are to be trained to upload papers directly on the Trust website to further increase resilience.</p>	<p>November 2021 (Completed)</p> <p>November 2021 (Completed)</p> <p>March 2022</p>	Director of Corporate Governance and Chief of Staff

Recommendation	Management response	Completion date	Responsible officer
	<p>An error led to the deletion of the June 2021 Board meeting recording. A governance note to explain the missing recording was added to the minutes of the July 2021 Board meeting. On the website, the links to the Board meeting recordings were updated to make clear the June 2021 recording is unavailable.</p>	<p>November 2021 (Completed)</p>	
<p><b>Articulation of strategic priorities</b> R2 Not all the Trust’s strategic priorities in the Annual Plan are supported by specific, timebound actions for delivery, and the intended outcome. In future, the Trust should ensure that all strategic priorities are supported by discrete objectives, each underpinned with specific, timebound actions for delivery and the intended outcome.</p>	<p>We recognise that there are differences in the granularity of the information provided by the service divisions, which in some cases is due to the different type of strategic priority, however, we acknowledge that there are improvements to be made including the identification of timelines and this will be included in the Integrated Medium Term Plan 2022-25.</p>	<p>March 2022</p>	<p>Chief Operating Officer and Director of Strategic Transformation Planning and Digital</p>





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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.