

Annual Audit Letter

Trafford Primary Care Trust

Audit 2008/09

October 2009



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Key messages

This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit opinion

- 1 I issued an unqualified audit opinion on your 2008/09 financial statements on 11 June 2009. You put in place good arrangements for producing the financial statements, including good closedown arrangements and working papers.

Value for money conclusion

- 2 I have assessed your corporate arrangements for securing economy, efficiency and effectiveness in the use of resources against the criteria specified by the Audit Commission. I concluded that you had adequate arrangements in place, and I issued a positive conclusion on your arrangements to secure value for money.

Use of resources

- 3 I assessed how well you are using and managing your resources to deliver better value for money, based on the Audit Commission's methodology and four point scoring framework, where 1 is 'inadequate', and 4 is 'excellent'. My assessment is as follows.
 - Managing Finances - Level 3, and 'performing well'.
 - Governing the Business - Level 2, and 'performing adequately'
 - Managing Resources - Level 2, and 'performing adequately'.

Table 1 Audit fees

The audit was delivered within the agreed fee

| | Actual | Proposed | Variance |
|-------------------------------------|---------|----------|----------|
| Financial Statements opinion | 69,390 | 69,390 | nil |
| Use of Resources and VFM conclusion | 65,036 | 65,036 | nil |
| Total audit fee | 134,426 | 134,426 | nil |

Actions

- 4 Recommendations as set out within the body of this report have been discussed and agreed with the Director of Finance and Chief Executive.

Independence

- 5 I confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Recommendations

- R1** The PCT should seek address those areas where we have identified scope to improve in this year's use of resources audit. These are included in paragraphs 23, 26 and 29 below. The Audit Committee should monitor progress against plans prepared, to that end.
- R2** The PCT should work with Trafford Healthcare Trust to help ensure the key recommendations from the Payment by Results Data Assurance Framework report are implemented in order to support the continued improvement of clinical coding.

Financial statements and statement on internal control

Trafford PCT's financial statements and statement on internal control are an important means by which the PCT accounts for its stewardship of public funds.

Significant issues arising from the audit

- 6 I issued an audit report including an unqualified opinion on the financial statements on 11 June 2009.
 - 7 The accounts presented for audit were free from material error. The PCT had good closedown arrangements, and accountants presented good working papers to support the entries in the financial statements.
 - 8 There were no significant adjustments required as a result of our audit.
-

Material weaknesses in internal control

- 9 I did not identify any significant weaknesses in your internal control arrangements.
-

Accounting Practice and financial reporting

- 10 I considered the qualitative aspects of your financial reporting.
- 11 Meeting the Department of Health's earlier closure deadlines required the PCT to rely more on the use of accounting estimates when preparing its year end accounts. We were able to assess the accuracy of some of the estimates included in the pre-audit financial statements because actual figures became available during the audit.
- 12 The most significant estimates in the financial statements related to practice prescribing charges, and to dental charges and income for March 2009. The final available figures for these items, together with our testing of other estimated figures confirmed that the accounting estimates that the PCT used in its financial statements were soundly based.
- 13 There were some differences between entries in Trafford PCT's accounts and the corresponding counter entries in other NHS organisations' accounts. The individual sums were below the level that would require us to undertake more detailed audit work and were not material to our audit opinion. We provided details of these differences to the PCT's accountants who undertook to resolve these items during the 2009/10 financial year.

International Financial Reporting Standards (IFRS)

- 14 Earlier in the year I reviewed the PCT's arrangements for restating its accounts under International Financial Reporting Standards (IFRS). I have more recently completed an audit of the PCT's restated 2008/09 accounts, which will provide the opening balances for the IFRS accounts that the PCT will be required to produce for 2009/10.
- 15 I concluded that the PCT had satisfactory arrangements in place to implement the requirements of IFRS, and that its restated accounts had been properly compiled in accordance with the guidance provided by the Department of Health.

Use of resources

I considered how well the PCT is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and gave scored use of resources judgements.

I also assessed whether the PCT put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

16 In forming our scored use of resources judgements we have used the methodology set out in the 'Use of Resources Framework' published by the Audit Commission in May 2008 (updated February 2009). A summary of the key lines of enquiry (KLOE) which applied to the PCT in 2008/09 is set out below.

| KLOE | Specified for 2008/09 |
|--|--|
| Managing finances | |
| 1.1 Financial planning | Yes |
| 1.2 Understanding costs and achieving efficiencies | Yes |
| 1.3 Financial reporting | Yes |
| Governing the business | |
| 2.1 Commissioning and procurement | Not scored in 2008/09 but is a relevant KLOE for the VFM conclusion |
| 2.2 Data quality and use of information | Yes |
| 2.3 Good governance | Yes |
| 2.4 Risk management and internal control | Yes |
| Managing resources | |
| 3.1 Use of natural resources | No |
| 3.2 Strategic asset management | Not applicable as the PCT's asset base is insufficient to trigger review |
| 3.3 Workforce planning | Yes |

- 17 The key findings, conclusions and score for each of the KLOE for the PCT are summarised in Appendix 1. Scores for each of the KLOE have been assessed using the Audit Commission’s current four point scale from 1 to 4, as described in the Table below.

Table 2 Levels of performance

| | |
|----------------|---|
| Level 1 | Does not meet minimum requirements – performs poorly |
| Level 2 | Meets only minimum requirements – performs adequately |
| Level 3 | Exceeds minimum requirements – performs well |
| Level 4 | Significantly exceeds minimum requirements – performs excellently |

- 18 The individual KLOE scores are used to determine the overall scores for each of the three themes that comprise the use of resources assessment. We have applied the scoring methodology which is set out in the Audit Commission’s framework document and the outcomes for the PCT are summarised below.

| Use of resources theme | Scored judgement |
|-------------------------------|-------------------------|
| Managing finances | 3 |
| Governing the business | 2 |
| Managing resources | 2 |

Managing finances

- 19 The PCT is performing well in managing its finances to deliver its strategic priorities.
- 20 Following wide consultation with stakeholders, the PCT clearly set out its priorities in the Commissioning Strategic Plan (CSP). The medium-term financial strategy and supporting budgetary control framework are aligned in delivering the CSP. The WCC panel concluded the PCT has ‘an ambitious but achievable vision’ and recognised the consistency of its financial planning with its strategy. The PCT has a good track record of meeting its statutory duties and has not breached revenue or capital resource limits. It is clearly aware of the significant challenges that lie ahead and has plans to preserve its sound financial health.

Use of resources

- 21 The PCT has shown that it has a good overall understanding of costs and has identified potential savings across a wide range of budget heads, totalling over £15 million for 2009/10. These savings are identified in its CRES programme, have named lead directors and are separately risk-assessed. The PCT achieved efficiency savings in 2008/09, including £2.8 million on prescribing costs. The challenge in 2009/10 is still more demanding. Delivering the identified savings in 2009/10 is a key objective for the PCT during the next financial year if it is going to meet the targets in its CSP.
- 22 The PCT has embedded budgetary control and financial monitoring procedures. It produces relevant, timely, and reliable financial monitoring and forecasting information. This information is used effectively to manage financial performance during the year and meets the needs of internal users, stakeholders and local people. The PCT's accounts met statutory requirements and timescales, and its annual report provides an objective, understandable assessment of its performance.
- 23 The key actions which the PCT needs to take to maintain and improve its performance for the 'managing finances' theme are to:
- develop whole-life costing and benefit assessment; and
 - improve understanding of the differences in unit costs of GP services.

Governing the business

- 24 The importance of sound information for effective decision-making is recognised within the PCT. The PCT has acknowledged the scope to improve data quality, and steps are being taken to strengthen arrangements, particularly with regard to patient data. Performance monitoring, including actions taken on under-performance, is generally good and there are examples of performance monitoring leading to significant improvement. Overall data security is adequate.
- 25 The PCT adopts the principles of good governance. The CSP provides a clear focus for the PCT's purpose and vision. The PCT manages its risks, generally maintains a sound system of internal control and can demonstrate some useful outcomes. The main area where further development and strengthening of governance arrangements and risk management is required is in the PCT's partnerships. The PCT is aware of this, and has plans in place to address the issue.
- 26 The key actions which the PCT needs to take to maintain and improve its performance for the 'governing the business' theme are to:
- improve patient demographic data, such as gender and ethnicity;
 - develop data quality strategies for commissioners and providers; and
 - strengthen partnership working.

Managing resources

- 27** The PCT has an adequately skilled and productive workforce. The PCT meets identified training needs and is developing further its training strategies. Reduced sickness absence levels are in line with targets, and overall workforce planning is adequate. It is encouraging that the PCT is working with its partners on plans for an Integrated Care Organisation, including outlines of its staffing needs. Results of the 2008 staff survey are encouraging and show the actions taken to use effective performance and people management systems are having the desired outcomes. The PCT's approach to people management and equality and diversity is adequate.
- 28** In 2008/9 the HR team and senior managers in Provider Services undertook a workforce planning development programme which improved the PCT's ability to produce robust workforce plans.
- 29** The key actions which the PCT needs to take to maintain and improve its performance for the 'managing resources' theme are to:
- prepare clear workforce plans, identifying establishment and skills needed for each service, based on analysis of needs; and
 - develop the workforce so that at all levels it better reflects the diversity of the local population.
- 30** Looking ahead, the 2009/10 use of resources judgements will include an assessment of the PCTs 'use of natural resources'.

VFM Conclusion

- 31** I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 1.
- 32** I issued an unqualified conclusion stating that the PCT had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources on 11 June 2009.

Follow-up of earlier audits

- 33** I have followed up the PCT's actions on recommendations from earlier audits.
- 34** I am satisfied that all the recommendations of the Medicines Management and Your Business at Risk audits have been satisfactorily addressed.
- 35** Good progress has been achieved on most of the recommendations arising from the audits of performance management and the PCT as a Provider. I will continue to monitor progress on the outstanding issues.

Payment by results (PbR)

Under the PbR data quality assurance framework the Audit Commission has carried out inpatient clinical coding audits, outpatient data quality audits and the continuation of national benchmarking information and analysis at NHS Trusts and NHS Foundation Trusts.

PCTs receive regular reports on the results of this work at their main provider trusts and they also receive national updates directly from the Commission.

Key Findings

- 36** This was the first year of the audit of outpatient data quality arrangements under the national Data Assurance Framework. The framework is designed to support the accuracy of data and payments under Payment by Results (PbR), and increase confidence in PbR by improving data quality standards.
- 37** The audit reviewed Trafford Healthcare Trust's outpatient data quality arrangements and included sample testing of data items back to source documents. The Trust's arrangements for managing the quality of outpatient data were assessed as 'performing well', scoring level 3 on a scale of 1 to 4, where a score of 4 is 'excellent'. There were no errors in the outpatient data items tested.
- 38** This is the second year of inpatient clinical coding audit work under the PbR assurance framework. The PCT receives reports on work carried out at its main provider, Trafford Healthcare NHS Trust (THT), to assess the accuracy of clinical coding data which is used to determine the cost of procedures carried out on patients and charged to the PCT. During the year the PCT has received a report covering inpatient activity at THT. The report summarised the findings from an independent, targeted external clinical coding audit on admitted patient care activity at Trafford Healthcare NHS Trust carried out in November 2008. It also followed up recommendations from the audit completed in 2007/08.
- 39** Compared with the national results from last year, the Trust was in the middle 50 per cent of trusts, where the lowest percentage reflects the smallest number of HRGs that were incorrect and therefore the smallest number of errors in payments. At THT, there was a level of inaccuracy, with 9.5 per cent of HRGs changing as a result of the audit. This outcome was worse than the findings from the audit in 2007/08, when the percentage of HRGs changing as a result of our audit work was only 3 per cent.
- 40** Due to the targeted nature of these audits and the small sample of activity audited, the results cannot be extrapolated further than the actual sample audited. They do, however, provide information to help both the PCT and THT to discuss whether the controls over the accuracy of their activity data are adequate, and highlight areas of concern that they may wish to investigate further.

- 41 There were a number of areas where the Trust had good arrangements in place to support accurate coding. The audit also identified a number of areas where improvements could be made which may reduce coding errors. The PCT should work with THT to help ensure the key recommendations from the report are implemented in order to support the continued improvement of clinical coding.

Closing remarks

- 42 I have discussed and agreed this letter with the Chief Executive and the Director of Finance. I will present this letter at the Audit Committee on 3 November 2009 and I have arranged to provide copies to all Board members.
- 43 Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the PCT during the year, and as set out below in Table 3.

Table 3

Further details from our audit work are set out in separate reports

| Report | Date issued |
|--|--|
| PbR data assurance - inpatients | June 2009 |
| Annual Governance Report | June 2009 |
| Audit progress reports, including: <ul style="list-style-type: none">• Use of Resources; and• follow-up of audits of Your Business at Risk, Medicines Management, Manchester, Salford and Trafford LIFT Partnership, Primary Care Provider Services and Performance Management Arrangements | Throughout the year, in April, June and October 2009 |
| Annual Audit Letter | October 2009 |

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- 44 Trafford PCT has taken a positive and constructive approach to our audit. I wish to thank the PCT's officers and Non-Executive Directors for their support and co-operation during the audit.

Mick Waite
District Auditor

October 2009

Appendix 1 – Use of resources key findings and conclusions

The following tables summarise the key findings and conclusions for each of the three use of resources themes. The assessments are for the financial year 2008/09.

Managing finances

| | |
|---|------------|
| Overall theme score for managing finances | 3 |
| KLOE 1.1 Financial planning | |
| Score | 3 |
| VFM criterion met | Yes |
| Key findings and conclusions | |
| <p>The PCT has published its Commissioning Strategic Plan (CSP) 2008-2013, in which it sets out its ambitious targets for the next five years. The CSP takes as its foundation the Joint Strategic Needs Assessment for Trafford and was produced following engagement with key partners, the public and clinicians, and focuses on preventing and reducing the devastating effects that cancers, cardiovascular disease, respiratory disease and poor mental health have on the local community. To achieve the desired outcomes the CSP aims to shift resources away from secondary care towards primary and community services.</p> <p>The PCT has a good track record of meeting its statutory duties and has not breached its revenue or capital resource limits since its inception in 2006/07 and has a sound financial plan over the medium term. The medium-term financial strategy (MTFS) is driven by the PCT's overall business and corporate objectives and takes into account known funding changes. Resources have been and are being shifted from low to high priorities in line with the CSP. The WCC panel report (assessment on Strategy) assessed the PCT as 'green' for the consistency of its financial plan with its strategy. The MTFS also reflects other initiatives, for example the main actions from the Fit for Purpose (FfP) capability development plan in terms of additional investment in commissioning.</p> | |

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions

Key actions identified by the FfP development programme, eg recruitment of specialised staff, have been delivered. The MTFS takes account of a number of risks and uncertainties and the PCT has modelled different scenarios to determine appropriate resources for secondary care, particularly in respect of outpatient follow-ups and Clinical Assessment Treatment Services. The PCT has timely and efficient processes in place with regards to the approval of financial plans and has received significant assurance from Internal Audit within the areas covered by this KLOE.

The WCC panel report (assessment of Finance) assessed the PCT as ‘amber’ and expressed concerns regarding the sustainability of the PCT’s financial position mainly due to external factors and the impact that these could have on achieving expected efficiencies. The PCT recognises the significant challenge that it faces and has identified over £15m of potential savings in 2009/10 which represent 4.5 per cent of its total budget. These savings are set out in its Cash Releasing Efficiency Savings (CRES) programme which identifies more than 20 savings opportunities that are allocated against specific budgets and are individually risk assessed. Responsibility for delivering each of the saving opportunities has been allocated to nominated lead directors.

The Board has developed an environment where there is good understanding and routine challenge of financial assumptions and performance. Finance and performance reports are submitted regularly to the Board and contain an assessment of risks as well as routine information on spend to date, forecasts and variance analysis as well as data on balance sheet, capital and better practice payment policy performance. All budget managers receive annual training to ensure that they are equipped to contribute towards the delivery of financial strategies and performance and Directors provide challenge, where appropriate, to financial plans and financial management arrangements. The PCT has undertaken a significant amount of benchmarking work to challenge resource use and explore ways to deliver efficiencies and improve productivity. The PCT is working on a Productivity Booklet (Better Value – Better Care) which will support the medium to longer term planning agenda. The PCT conducts an annual self-assessment of the Audit Committee to ensure that its role in the delivery of the above KLOE is effective.

| | |
|--|-----------------------------------|
| <p>KLOE 1.2 Understanding costs and achieving efficiencies</p> <p>Score</p> <p>VFM criterion met</p> | <p>2</p> <p>Yes</p> |
| <p>Key findings and conclusions</p> | |
| <p>There is a good understanding of costs across most parts of the PCT. This has contributed to the PCT being able to identify over £15 million of potential savings in its Cash Releasing Efficiency Savings (CRES) programme. Delivery of the CRES will be crucial for the PCT to demonstrate that it is achieving efficiencies and meeting the targets set out in its Commissioning Strategic Plan (CSP).</p> <p>The PCT can explain how high level costs compare with other PCTs and this has been used to inform the CSP. The CSP has been informed by an analysis of Programme Budget costs, leading to planned rises in spend on cardiovascular disease, respiratory disease and mental health, while holding expenditure on cancer. The PCT has prioritised initiatives, looking at feasibility and cost effectiveness, with a view to identifying those that have the most impact. Trend analysis is also being used, for example work on the Quality of Outcomes Framework data which is targeting work on diabetes. The PCT has been looking at costs and quality of services, such as aspects of gynaecological provision. Investment is made in preventative services, such as weight management, in order to avoid more high cost interventions in the future, although outcomes from this have yet to be demonstrated, and will need careful monitoring to ensure that they have been delivered. The PCT is also using referral information to inform decisions on location of services, demonstrating its use of information to inform decision-making. Whole-life costing and benefits requires development, having only been used in the longer term strategic business cases that are being developed, eg in relation to Stretford Memorial Hospital.</p> <p>The 3 per cent efficiency target has been largely met by imposing 3 per cent cuts in the price of contracts. There have been savings of £2.8m on prescribing in 2008/09, which have arisen as a result of pro-active recommendations to GPs on prescribing strategies. In Provider Services, various schemes were delivered to meet the 3 per cent efficiency savings and improvements have been made in both district nursing and health visiting which has increased the proportion of time that staff spend on clinical activity. The PCT has explored some opportunities to improve VFM with partners, mainly in the area of Learning Disabilities, and this is expected to yield significant savings in the future. Further work is required to improve outcomes across the broader spectrum of partnership arrangements.</p> | |

Appendix 1 – Use of resources key findings and conclusions

| | |
|--|------------|
| Key findings and conclusions | |
| <p>Information on comparative high level costs identified secondary care and prescribing as areas where savings may be possible. Some analyses have been undertaken of reference costs for the PCT's provider services, but no benchmarking analyses of salaries on the commissioning side has yet been undertaken, though review of management costs is scheduled for 2009/10. Benchmarking of provider services staffing levels per hundred thousand population is to be used in negotiating the SLA for 2009/10 and these have informed the savings programme identified in KLOE 1.1. Work has been done to compare the Provider Unit with other PCTs using reference costs and further benchmarking data and these have been used to inform the Provider Services Business Plan for 2009/10. Benchmarking of salaries across the PCT has been done at a high level and further work is scheduled for 2009/10. High level benchmarking of staff costs has been used to support a decision on further investment in Personalised Care for 2009/10. Costs of GP services have been examined per weighted patient unit and found to vary by a factor of two. This has also been done across geographical clusters and has in some cases been used to inform investment decisions, particularly in regards to the new Equitable Access Scheme. Further work is required to link this to demographic data (eg gender or ethnicity of patients).</p> | |
| KLOE 1.3 Financial reporting | |
| Score | 3 |
| VFM criterion met | Yes |
| Key findings and conclusions | |
| <p>The PCT has demonstrated that it has embedded good budgetary control and financial monitoring procedures throughout the organisation. Internal financial monitoring and reporting during the year is relevant, understandable and accruals based. In-year forecasts are subject to risk and sensitivity analysis which have contributed to there being 'no surprises' when the actual year end position is reported. Information is provided on a timely basis and prompt remedial action is taken where appropriate. The PCT has received significant assurance in these areas from Internal Audit over the last three years. These arrangements have contributed to the PCT being able to close its accounts promptly despite tighter timescales.</p> <p>Budgets are subject to review by senior managers and the Board. The Board receives an updated report on the budget position each month which is consistent with underlying records. The reports are clear, relevant and concise, highlighting key financial and performance issues and risks. The reports are predictive and focused on the main budgets. Planned savings and the progress against achieving these are monitored by the Board. The PCT has profiled budgets in place which are communicated to key staff and stakeholders. A recent Internal Audit report indicated very positive feedback on budget management arrangements from budget holders. The budget managers' annual training ensures they are able to manage and control performance and spending with timely, flexible and responsive information. The financial systems are accessible and budget managers have on-line access to financial statements in order that queries and issues raised are more relevant and directed.</p> | |

Key findings and conclusions

The PCT has responded positively to the challenges posed by faster close and the IFRS requirements. Both the Deputy Director and Head of Financial Services sit on and attend regional working groups on Faster Closure and IFRS. The PCT has actively used the month 9 'hard close' reporting requirements to improve in-year financial reporting. The SHA identified no issues from this exercise that relate specifically to Trafford PCT for 2008/09. The draft accounts were submitted before the deadline and sufficient time was built into the plan for Executive challenge and scrutiny prior to their submission. The PCT has put arrangements in place for re-stating the balance sheet under IFRS which we rated as 'green' using the prescribed red/amber/green scale and we concluded that the PCT has appropriate plans in place for dealing with IFRS.

In 2008/09 the PCT's accounts met all statutory requirements and timescales and were produced to a good standard resulting in an unqualified audit opinion. Our Annual Governance Report contained only 'clearly trivial errors' and no significant issues were reported to the Audit Committee. The accounts were supported by thorough documentation and analysis. The PCT is able to demonstrate a strong corporate commitment and culture to producing good quality accounts. The PCT publishes annual reports that provide an objective, balanced and understandable assessment of the organisation's performance in the year.

Appendix 1 – Use of resources key findings and conclusions

Governing the business

| | |
|--|----------------------------------|
| Overall theme score for governing the business | 2 |
| KLOE 2.1 Commissioning and procurement | |
| Score | Not applicable in 2008/09 |
| VFM criterion met | Yes |
| KLOE 2.2 Data quality and use of information | |
| Score | 2 |
| VFM criterion met | Yes |
| Key findings and conclusions | |
| <p>Directors recognise the importance of sound information for effective decision-making. The Informatics Plan recognises the need to improve data quality, though this is not an overall corporate objective and is not recognised as a significant risk. The PCT is pursuing an ambitious plan to put patient data, held by GPs, at the core of its information systems; 15 GP practices have signed up to data-sharing in this project. Staff directly involved in data quality are aware of their responsibility, but data quality is not reflected in job descriptions. The new Head of Information role does have data quality within the Job Description and is expected to lead on all aspects of data quality for the PCT. There is currently no formalised system for review of all data quality; however the review of contracting information is undertaken on a monthly basis. There is an important ongoing project to improve data captured in Lorenzo by provider services staff. The PCT is aware of some weaknesses in data collection both by GP practices and by hospital providers, and is striving to remedy these. Capture of patient demographic data, such as gender and ethnicity, is not yet adequate and requires future work.</p> <p>Board members have been consulted about their needs for information and reports have been improved accordingly. Bi-monthly reports go to the Board on performance using 112 KPIs. However, the scope of these reports is too narrow as they do not address objectives in the Commissioning Strategic Plan or the LAA, and the format of information could be improved, as some data is presented in illegibly small font. The Head of Corporate Performance has now been appointed and will work closely with all service areas to ensure expansion throughout 2009/10. Monthly PCT Board reports on HR matters contain too much data, and too little analysis; reporting to the Provider Committee is in greater detail. The WCC Panel in November 2008 found weaknesses in analytical capacity and in the quality of information disseminated to PBC clusters. Plans are in place to address these weaknesses.</p> | |

Key findings and conclusions

Overall data security is adequate. Of the 22 criteria in the 2008/09 Information Governance Toolkit that apply to PCTs, Trafford PCT is fully compliant with eight (36 per cent) and largely compliant with the remaining 14 (64 per cent). Satisfactory controls are in place for access to data and for the protection of confidential staff and patient information. However, there is no formal testing of the IT continuity plan and the security of backup data could be improved.

Monitoring of performance and action on under-performance is generally good. Improving performance management is a priority in the 2008/09 Business Plan. Quantitative five-year targets have been set related to the four priorities in the Commissioning Strategic Plan with quarterly milestones until then - but monitoring against these had not started by the financial year-end. Reports to the Board on performance concentrate on KPIs that are under-performing and describe remedial action being taken. There are several examples in 2008/09 of effective monitoring of performance leading to significant improvement. Performance against the 18-week target had been poor in late 2007 but following PCT analysis and acute trust action, performance is now in the top three in the North West. Choose and Book had been under-utilised (only 24 per cent until November 2008) but following PCT investigation this has been raised in some practices to over 80 per cent, and the overall average to 42 per cent.

KLOE 2.3 Good governance

Score

2

VFM criterion met

Yes

Key findings and conclusions

The PCT has put arrangements in place to ensure effective levels of governance. Standing orders set out senior management responsibility and the role of the PCT board. Arrangements are also in place to ensure separation of the commissioner and provider arm of the organisation. NEDs are supported in the organisation, and there is a programme of training in place as well as personal development plans.

The PCT has a clear purpose and vision; the WCC panel report found that the PCT has an ambitious but achievable vision with a clear focus and certainty about what is going to make the most difference to the health of people in Trafford. There is clear board ownership of strategic plans such as the Commissioning Strategic Plan (CSP). The vision for the PCT is built on a robust assessment of need and there has been effective consultation in relation to the CSP. This will help ensure that objectives meet the needs of the local community.

Codes of conduct are in place for staff and board members, supporting a positive ethical framework and culture. Policies are in place to support ethical behaviour such as the PCT's whistle-blowing policy and all staff receive annual updates as part of the mandatory training programme, which for 2008/09 had 86 per cent attendance. The PCT has all the 'must do' requirements in place such as a register of gifts and hospitality and staff are also reminded of the requirement as part of Key Issues training. The PCT has a well established Integrated Governance Committee which provides an effective overview of its corporate governance systems and promotes an ethical culture.

Appendix 1 – Use of resources key findings and conclusions

| | |
|--|-----------------------------------|
| Key findings and conclusions | |
| <p>The PCT has recognised the importance of joining up the various processes and a review is currently in progress with the objective of refining the assurance framework so that corporate priorities, the committee structure, risk register and departmental objectives and risk reviews are all clearly part of the same process.</p> <p>The PCT is currently mapping its strategic partnerships. There are partnership arrangements in place such as the work with the Children and Young Peoples Service and adults which are functioning effectively with clearly documented governance frameworks. Arrangements are in place to ensure that the PCT works collaboratively with community partners. There are joint appointments in place to make effective use of resources and also to share responsibilities. However, although there are clear signs of improvements in local partnerships, the PCT needs to further deliver its planned improvements to demonstrate their effective arrangements.</p> | |
| <p>KLOE 2.4 Risk management and internal control</p> <p>Score</p> <p>VFM criterion met</p> | <p>2</p> <p>Yes</p> |
| Key findings and conclusions | |
| <p>The PCT has a proactive approach to risk management; the risk register is seen as a live document which is constantly updated and reviewed. This demonstrates the PCT's work in relation to risk and the importance upon which the PCT places on it. Members of the risk management team meet regularly with directors to identify risks and ensure they are handled appropriately. Corporate and operational risks are identified and listed in the risk register and assurance framework. The register of corporate business risks is regularly reviewed and linked to strategic business objectives and assigns ownership of each risk to an appropriate directorate although not a named individual. Risks are assessed for likelihood/impact and mitigating controls are identified to which responsibility is allocated.</p> <p>Outcomes are being achieved as demonstrated by work in reducing risks in relation to decontamination and referral management. Risks are discussed at regular integrated governance meetings, which have senior management representation. In addition, risk management training is provided to PCT staff, again raising awareness including specific sessions for the Board on risk, assurance and governance.</p> <p>Steps have been taken during the year to strengthen the PCT's risk management arrangements, for example, by further aligning the assurance framework to the corporate priorities and by developing a new risk management strategy and risk policy. Further improvements are also planned which include, continued alignment of the risk register with complaints, claims, serious untoward incidents, legal cases, etc as well as with departmental objectives and work plans. A new software package, Ulysses, is being procured for this purpose. A review of strategic partnerships has also been initiated and is underway.</p> | |

Key findings and conclusions

No significant internal control weaknesses have been identified by either internal or external audit work. Internal Audit's review of the fundamental financial systems concluded that the systems provide 'significant assurance' as to their integrity and reliability. Internal Audit has an agreed three-year audit plan which is broken down into annual plans and reviewed periodically with progress reports presented regularly to the Audit Committee. Audit issues are acted upon by officers and action plans reviewed by the Audit Committee.

The Statement on Internal Control (SIC) for 2008/09 sets out the PCTs arrangements in line with its governance framework and complied with the guidance provided by the Department of Health. There were no 'significant control issues' identified which were required to be disclosed in the SIC. The Integrated Governance Committee provides effective support to the Board in proactively managing and reducing risks and in reviewing the PCTs wider systems of internal control.

An updated version of the Counter Fraud Policy and Response Plan was approved by the Board in February 2009. A counter-fraud culture is being developed within the organisation. The Counter Fraud Annual Plan included awareness sessions for other partner organisations including presentations to GP Practice managers. Some 86 per cent of PCT staff have received fraud awareness training as part of Key Issues mandatory training programme. Additional sessions were delivered for the HR department on fraud related to employment matters eg sickness absence and benefit fraud. The PCT was assessed in November 2008 by NHS Counter Fraud Security Management Services as level 2 'adequate performance' for its 2007/08 investment in counter fraud activity. The PCT has agreed to increase its investment into counter fraud work in 2009/10 by 20 days to 70 days overall. Internal Audit issues alerts to the PCT of any potential fraud, for prevention purposes.

Appendix 1 – Use of resources key findings and conclusions

Managing resources

| | |
|---|------------|
| Overall theme score for managing resources | 2 |
| KLOE 3.3 Workforce planning | |
| Score | 2 |
| VFM criterion met | Yes |
| Key findings and conclusions | |
| <p>The PCT has an adequately skilled and productive workforce. The proportion of agency staff in commissioning is higher than desirable for the long-term, as permanent appointments are only now made to the reorganised structure at the end of time-limited projects. The productivity of district nursing has been improved after review showed the service to be top-heavy; financial savings are limited as redundancy would be costly and there is currently five years pay protection (now under negotiation). An enhanced occupational health programme and training of managers in absence management contributed to the improvement in sickness absence from 6.3 per cent in 2007/08 to 4.3 per cent in 2008/09, in line with the NHS target. Training has been delivered to meet identified needs, including management development for 75 per cent of managers at levels 7/8, and leadership development to meet the needs of directors. Training in equality and diversity issues has been attended by 86 per cent of staff, with additional training for managers and those who will prepare equality impact assessments (EIAs). A talent management and leadership strategy is being drafted, and action taken.</p> <p>Overall, workforce planning is adequate. Capability in workforce planning in Provider Services has been improved in 2008/09. The PCT has been working with partners on plans for an Integrated Care Organisation, including outlining its staff needs. A good organisational development plan is in place for commissioning, including an increase in capacity; no recruitment difficulty is foreseen. In Provider Services an extensive review of staffing requirements for each team and profession lacks clarity about the changes required; the current plan shows no changes in clinical staffing to 31 March 2011 – this will be addressed in 2009. There has been some workforce planning with the Council and the acute trust for Children and Young People Services. The staff turnover rate is lower than average and, for Provider Services' clinical workforce, lower than desired. There is good provision for staff health and well-being. Good information is sent out with job applications to promote the PCT as an employer, attracting good candidates.</p> | |

Key findings and conclusions

Engagement and support for staff in the development of autonomous Provider Services has been good. Regular liaison with the staff side has been instituted, the Director has led Open Forums, and there have been focus groups with staff and a weekly e-mail bulletin. Monthly team briefs are delivered face-to-face. In response to staff requests, PCs have been upgraded, reception staff have uniforms and recognition systems for individual staff and the Team of the Year introduced. Staff's desire for an appraisal and personal development plan (PDP) has been met with a commitment that all should have one by 31 March 2009. Action has been taken to ensure that staff covered by Agenda for Change have PDPs relevant to their role. The impact of these changes is evident in the results of the 2008 staff survey, which shows significant improvement on 2007 and brings the PCT in line with others.

The PCT's approach to people management and equality and diversity is adequate. Its score in the 2008 World Class HR Review was similar to that of other PCTs. The equality and diversity policy is restricted to employment issues and does not cover service delivery. However, the single equality scheme covers all legal requirements and a comprehensive equality and diversity strategy and action plan is in place; much of the action plan is oriented towards creating an equality infrastructure, rather than tangible outcomes. Only four EIAs have been completed - one for each of the CSP priorities. Policies and procedures are in place for grievances and redeployment of staff; grievances are monitored to check for discrimination. The ethnic mix of the workforce overall (6 per cent BME, as disclosed by staff) approaches that of the population (8 per cent), but BME staff are less well represented amongst management.

The Audit Commission

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk
