



WALES AUDIT OFFICE  
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Auditor General for Wales

# Audit Committee Update – **Abertawe Bro Morgannwg University Health Board**

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The team providing this Audit Committee update comprised Carol Moseley and Geraint Norman.

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## About this document

- 1 This document provides the Audit Committee with an update on current and planned Wales Audit Office work as set out in our Audit Plans. Financial and performance audit work is considered, and information is also provided on the Auditor General's programme of national value-for-money examinations.

## Audit plan

- 2 Details of the finalisation of our audit plans for 2017 and 2018 is summarised in [Exhibit 1](#).

### Exhibit 1: audit plans

Area of work	Current status
Audit Plan 2017	Complete - presented to Audit Committee March 2017.
Audit Plan 2018	Complete - presented to Audit Committee March 2018.

## Financial audit update

- 3 Our key financial audit reports are set out in [Exhibit 2](#).

### Exhibit 2: financial audit update

Area of work	Current status
Annual Audit Report 2017	Presented to Audit Committee and Board March 2018.
Accounts Audit – Audit of Financial Statements Report 2017-18	Presented to Audit Committee and Board June 2018.
Charitable Funds – Audit of Financial Statements Report 2017-18	Audit completion expected October 2018. Report to be received at Charitable Funds Committee.

## Performance audit update

- 4 The following tables set out the performance audit work included in our 2017 and 2018 audit plans for the Health Board, summarising completed work ([Exhibit 3](#)), work that is currently underway ([Exhibit 4](#)) and planned work which has not yet started ([Exhibit 5](#)).

### Exhibit 3: work completed<sup>1</sup>

Area of work	Status
Structured Assessment (2017)	Presented to Audit Committee March 2018.

### Exhibit 4: work currently in progress

Topic and executive lead	Focus of the work	Current status	Consideration by Audit Committee
Primary Care (2017) Executive lead: Chris White	This study will involve national and local audit work.	Concluding local fieldwork July 2018.	TBC.- November 2018
Cross-sector thematic (2017): Intermediate Care Fund Executive lead: Sian Harrop-Griffiths	This review will involve all public sector bodies, examining ICF arrangements at national and regional levels. Local findings will be presented to RPBs prior to a national report.	Concluding local fieldwork July 2018.	TBC – January / March 2019  Presentation of local findings to the RPB planned for 30 October and national report anticipated early 2019.
NHS Structured Assessment <sup>2</sup> (2018) Executive lead: Tracy Myhill/ Pamela Wenger	This work will continue to assess the robustness of governance arrangements, and the progress being made in addressing issues previously identified.	Briefing note issued. Fieldwork starting July 2018.	TBC – January 2019
Clinical Coding: Follow up (all-Wales thematic review 2018)	To examine the progress made since 2014 in responding to audit recommendations.	Briefing note issued. Fieldwork starting July 2018.	TBC – January 2019

<sup>1</sup> The Health Board's Audit Committee considered at its meeting in January 2018, our report on collaborative arrangements for managing local public health resources and the NHS Wales management response.

<sup>2</sup> Structured assessment work includes a review of the Health Board's arrangements for tracking progress against previous audit recommendations.

## Exhibit 5: planned work not yet started

Topic and executive lead	Focus of the work	Current status	Consideration by Audit Committee
Local audit work <sup>3</sup> (2017) Executive lead: Pam Wenger	Board development session on assurance, scrutiny and challenge, Autumn 2018.	Timing <sup>4</sup> being confirmed with executive lead	-
Orthopaedic Services: Follow up (all-Wales thematic review 2018)	To examine the progress made since 2015 in responding to recommendations and developing arrangements to help manage the demand on / supply of orthopaedic services.	Scoping	TBC
Local audit project (2018)  Executive lead: Chris White tbc	Local audit project to be agreed with executive officers and the Audit Committee. Potential topic: follow-up review of 'waiting times'	Discussion taking place with Officers	TBC

## Good practice

- 5 In addition to the audit work set out above, we continue to seek opportunities for finding and sharing good practice from all-Wales audit work through our forward planning, programme design and good practice research. Our Good Practice Exchange (GPX) team also facilitates a programme of shared learning events, details of which can be found on the [GPX website](#). Future events include:
- 15 August: [Using data effectively for better decision making](#) - webinar
  - 19 September: [Working in partnership: holding up the mirror](#) – seminar
  - 4 December: Alternative Delivery Model – seminar

<sup>3</sup> Additional audit input in relation to Structured Assessment 2017 and audit support for Board development in 2018, focusing on assurance, scrutiny and challenge.

<sup>4</sup> Agreed for timing to account for the Kings Fund Board development programme and 2018 board member appointments.

- 24 January: Cybersecurity - Governance arrangements - webinar
- February (tbc): Preventing Hospital admissions - seminar
- 12 March: Youth - seminar

## NHS-related national studies

- 6 The Audit Committee may also be interested in the programme of national value for money studies, some of which focus on the NHS and pan-public-sector topics. These studies are typically funded by the National Assembly and are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure.
- 7 **Exhibit 6** provides information on the NHS-related or relevant national studies published in the last 12 months. It also includes all-Wales summaries of work undertaken locally in the NHS. Five reports have been published since our last update to the Audit Committee.

### Exhibit 6: NHS-related national studies and all-Wales summary reports

Topic	Publication details
<a href="#"><u>Primary Care Out-of-Hours Services</u></a>	This report, published 12 July 2018, found that primary care out-of-hours services are appreciated by patients but are not meeting national standards and are under strain due to morale and staffing issues. Poor information hampers effective management of services, and planning of out-of-hours is not properly integrated with other key services. The introduction of a new 111 service presents opportunities for important improvements but cannot solve all of the issues facing out-of-hours services.
<a href="#"><u>Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities</u></a>	This report, published 24 May 2018, focusses on local authority approaches to commissioning accommodation for adults with learning disabilities (those aged over 16). We found that Local Authorities are generally meeting accommodation needs, but existing commissioning arrangements are unlikely to be fit for purpose in the future.
<a href="#"><u>Reflecting on Year One – how have public bodies responded to the Well-being of Future Generations (Wales) Act 2015</u></a>	This report, published 10 May 2018, reflects on how public bodies have responded to implementation of the Act. A stakeholder conference was also held 17 May 2018.
<a href="#"><u>Speak my Language: overcoming language and communication barriers in public services.</u></a>	This report, published 26 April 2018, looks at how public bodies, particularly local government and NHS, provide interpretation and translation services for BSL and other languages to enable people facing these communication barriers to access services.

Topic	Publication details
<a href="#">A Picture of Primary Care in Wales</a>  This report is also available in a <a href="#">new online version</a>	This report, published 24 April 2018, is a snapshot of the current state of primary care in Wales and brings together numerous sources of data on primary care. It does not attempt to provide a detailed analysis of the strengths and weaknesses of primary care. We will use this report to inform audit work in each health board during 2018, which will look at the amount of progress health boards are making in implementing the national primary care plan.
<a href="#">Housing adaptations</a>	This report was published 22 February 2018.
<a href="#">Informatics systems in NHS Wales</a>	This report was published 10 January 2018.
<a href="#">District nursing services in Wales</a> – checklist for Board Members	This checklist was published 7 December 2017.
<a href="#">Public procurement in Wales</a>	This report was published 17 October 2017.
<a href="#">The Welsh Governments supporting people programme</a>	This report was published 31 August 2017.





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# Briefing note

## Clinical Coding Follow up 2018

### Background

- 1 As part of our 2018 local audit plans for NHS bodies, the Auditor General has decided to undertake a follow up review of Clinical Coding. The review forms part of the programme of work the Auditor General will undertake to satisfy himself that NHS bodies have proper arrangements in place to secure the efficient, effective and economical use of resources, as required by Section 61 of the Public Audit Wales Act 2004. This briefing note sets out our intended approach to the follow-up review.
- 2 Where we process personal data, this is in accordance with data protection legislation, including the Data Protection Act 2018 and the General Data Protection Regulation. Further information is set out in our fair processing notice [attached at Appendix 1](#).

### Why are we doing this work

- 3 Clinical coded data provides important information that NHS organisations can use to govern the business and ensure that resources are used efficiently and effectively. Diagnosis and procedure codes provide a central record of the patient's journey from admission, through treatment, to discharge or death. Consequently, good quality clinical coding underpins decision-making, strategic planning and reporting on service quality and performance.
- 4 Our original 2014 review found that not all health bodies understood the full potential of clinical coding to their business and they were missing opportunities to use this more extensively. Health bodies routinely viewed clinical coding as a back-office function, with little recognition of the level of specialist staff knowledge and understanding needed.
- 5 Given the above, the Auditor General has decided that it is timely to review progress NHS bodies have made against the issues identified and recommendations made in our 2014 work.

### Audit approach

- 6 Our follow up review will address the following overall question: 'Following our original review, have NHS bodies improved their clinical coding arrangements and achieved the benefit of this?'
  - Has clinical coding performance improved?
  - Is the NHS body committed to using clinical coding to support improvement?

- Have NHS bodies made progress in addressing issues identified in our 2014 reports?

7 **Appendix 2** outlines the detailed questions we will seek to answer during our review. **Exhibit 1** sets out the methodology we intend to use.

#### Exhibit 1: Proposed methodology

Methodology	Activity
Self-assessment	We will be asking Health Boards to complete a self-assessment against our 2014 recommendations.
Data analysis	In our 2014 review, we analysed data about clinical coding provided by health bodies via a data request. We will repeat this exercise to obtain a comparative picture.
Interviews	We will arrange interviews with key individuals. We will also be doing an informal group interview with the clinical coders.
Document review	Supporting documentation will be requested to provide evidence to support the self-assessment submission.
Analysis of accuracy and completeness data	We will be requesting information from Welsh Government in relation to NHS bodies' performance against targets for the accuracy and completeness of clinical coding
Board member survey	As part of our structured assessment board member survey we will be including some questions on awareness of coding

## Timing of our work

8 Our fieldwork across Wales will take place between July and November. **Exhibit 2** sets out the indicative timescales for key stages of the work.

#### Exhibit 2: Proposed timetable

Proposed timetable	
Set up meeting	July 2018
Fieldwork	July to November 2018
Draft Report issued to Health Board	Between December and February 2018
Final report published	Early 2019

## Reporting our findings

- 9 We will produce a short draft report that summarises the findings from our follow up work. A reporting format will be used that facilitates a clear view of progress against our previous recommendations. If necessary, fresh recommendations will be made to support further improvements.
- 10 In line with the Wales Audit Office's arrangements for public reporting, we will publish the report on our website once the final report has formally been considered by the relevant Board committee.

# Appendix 1

## Fair Processing Notice

This privacy notice tells you about the potential collection of your personal information by the Auditor General for Wales (and by the Wales Audit Office on his behalf).

### Who we are and what we do

The Auditor General's work includes examining how public bodies manage and spend public money.

### The relevant laws

We process your personal data (including special category personal data) in accordance with data protection legislation, including the Data Protection Act 2018 (DPA) and the General Data Protection Regulation (GDPR). This work on the Clinical Coding review is being done under s61 of the Public Audit Wales Act 2004.

## Appendix 2

### Question framework

Study question	Since our original review have NHS bodies improved their clinical coding arrangements and achieved the benefits of this?
Level 2	Level 3
1. Has clinical coding performance improved?	1.1 Is clinical coding accuracy improving?
	1.2 Is clinical coding completeness improving?
2. Is the NHS body committed to using clinical coding to support improvement?	2.1 Does clinical coding have a high profile within the NHS body?
	2.2 Does the NHS body have a track record of utilising clinical coding business intelligence to support service improvement and assurance?
	2.3 Is there clear accountability for clinical coding?
3. Have NHS bodies made progress in addressing issues identified in our 2014 reports?	3.1 Have NHS bodies improved their medical records management to support timely and accurate coding?
	3.2 Have NHS bodies the skills and resources to support timely and accurate coding?
	3.3 Has the NHS body raised awareness of the implications of clinical coding on performance and wider management processes?
	3.4 Has the NHS body strengthened engagement with medical staff to improve clinical coding?
	3.5 Has the NHS body ensured coding policies are complete and up to date?
	3.6 Does the NHS body have processes in place to routinely validate and review the accuracy of coding



# Briefing note

## Structured Assessment 2018

### Background

- 1 The Auditor General has a statutory requirement to satisfy himself that NHS bodies have proper arrangements in place to secure economy, efficiency and effectiveness in the use of their resources as set out in Section 61 of the Public Audit Wales Act 2004. To help in the discharge of this responsibility, the Auditor General introduced the concept of a Structured Assessment in 2010, as an evolution of the work that auditors previously undertook to enable the Auditor General to draw a 'Value for Money Conclusion' for each NHS body. This briefing note sets out the approach that will be adopted for Structured Assessment work in 2018.
- 2 This work continues to take place within an environment characterised by the need to maintain high quality, accessible services whilst also meeting challenging financial targets, managing increasing cost pressures and growing service demands. This external environment means that NHS bodies' and their Boards need to have sound corporate governance arrangements that can provide assurance to the public and key stakeholders that the necessary action is being taken to deliver high quality, safe and responsive services, and that public money is being spent wisely.
- 3 As in previous years, the key focus of our work remains on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically. However, this year we have updated our work to include a stronger focus on procurement, asset management and productivity and efficiency.

### Scope and focus of 2018 Structured Assessment work

- 4 As stated above, whilst the key focus remains the same, the audit work for 2018 is structured under the following themes:
  - **Leadership and governance**
  - **Strategic planning**
  - **Financial management**
  - **Workforce management**
  - **Productivity and efficiency**
  - **Procurement**
  - **Asset management**
- 5 We will use this year's work to establish a baseline of the arrangements for procurement, asset management and productivity and efficiency. In addition,



auditors will look for evidence that NHS bodies are addressing the key issues identified in previous years' Structured Assessments.

- 6 The work will be undertaken within the framework of audit questions set out in Table 1.

**Table 1: Structured Assessment 2018 key questions**

<b>Does the organisation have arrangements in place to support good governance and the efficient, effective and economical use of resources?</b>
<p><b>Is the organisation (well led and) well governed?</b></p> <ul style="list-style-type: none"> <li>• Does the Board and its sub committees work effectively?</li> <li>• Are there proper arrangements to support the effective conduct of business?</li> <li>• Is the board assurance framework underpinned by an effective system of internal control?</li> <li>• Does the organisational structure support effective governance?</li> </ul>
<p><b>Is there an effective approach to strategic planning?</b></p> <ul style="list-style-type: none"> <li>• Does the Board have a clear and comprehensive process for agreeing the organisational vision and strategic objectives/priorities?</li> <li>• Is there evidence of good stakeholder engagement in developing the organisational vision and strategic objectives?</li> <li>• Is there an effective planning process for developing the IMTP?</li> <li>• Is the organisation's strategic plan underpinned by appropriate clinical, workforce and financial strategies/plans?</li> <li>• Are there arrangements to drive and oversee delivery of strategic plans and associated service change?</li> </ul>
<p><b>Are financial resources well managed?</b></p> <ul style="list-style-type: none"> <li>• Is the body achieving its key financial objectives?</li> <li>• Is there evidence of good financial stewardship?</li> <li>• Is there evidence of good financial management?</li> </ul>
<p><b>Is the workforce well managed?</b></p> <ul style="list-style-type: none"> <li>• Is the organisation taking steps to improve workforce productivity and efficiency, and to reduce fixed and variable costs?</li> <li>• Does the organisation have an effective approach to staff training and development?</li> <li>• Does the organisation know how staff feel?</li> </ul>
<p><b>Is action being taken to improve productivity and efficiency?</b></p> <ul style="list-style-type: none"> <li>• Is there evidence that values-based healthcare principle are used to support service modernisation/transformation?</li> <li>• Is the organisation working to improve productivity and efficiency?</li> <li>• Are arrangements in place for using digital technology to improve access to information and to introduce new ways of working?</li> </ul>

**Does the organisation have arrangements in place to support good governance and the efficient, effective and economical use of resources?**

**Are procurement arrangements helping to achieve value for money?**

- Does the organisation have a strategic approach to procurement?
- Are clear and effective arrangements in place for monitoring, reporting and improving procurement?

**Is there a sound approach to asset management?**

- Is there a strategic approach to asset management based on an analysis of need to deliver strategic priorities, service needs and intended outcomes?
- Does the organisation manage its asset base to ensure that assets are fit for purpose and provide value for money?

## Approach to delivering the work

- 7 This year's Structured Assessment work will involve evidence gathering from summer 2018 through to reporting by the end of December 2018. Where appropriate, auditors will give interim feedback if any issues of concern arise during the fieldwork phase.
- 8 We will use information already available and accessible, and place reliance on work of others such as internal audit wherever possible. Auditors will predominantly base their findings on:
  - interviews with key officers and Independent Members;
  - a small number of observations at Board and Committee meetings;
  - review of documentation;
  - review of the NHS body's performance against key financial and performance information; and
  - a survey of Board members to gather views on the workings of the Board and its effectiveness.
- 9 Where we process personal data, this is in accordance with data protection legislation, including the Data Protection Act 2018 and the General Data Protection Regulation. Further information is set out in our fair processing notice attached at [Appendix 1](#).
- 10 Initial set up discussions will be held with the Health Board to agree the precise timing and focus of the fieldwork, and the information required.

## Timing of the work

- 11 The timing of the key stages of Structured Assessment is shown in Table 2.

Table 2: Timing of the work

Key stage	Timing
Set up	July 2018
Substantive evidence gathering	July – September 2018
Feedback and draft reporting	November –December 2018
Summary of key messages in the Annual Audit Report	December 2018

## Reporting our findings

- 12 We will look to agree mechanisms with individual NHS bodies whereby auditors can provide informal feedback to Executive Officers as the Structured Assessment work progresses, particularly where any problems or concerns are emerging.
- 13 The results from our Structured Assessment work will be reported to NHS bodies through the normal performance audit reporting channels. As in 2017, a formal Structured Assessment report will be prepared and the key messages summarised in the Annual Audit Report.
- 14 In line with the Wales Audit Office's arrangements for public reporting, we will publish the report on our website once the final report has formally been considered by the relevant Board committee.

# Appendix 1

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