



INFRASTRUCTURE, GOVERNMENT &  
HEALTHCARE

# National Waiting Times Centre Board

Annual audit report to the  
National Waiting Times Centre  
Board and the Auditor General  
for Scotland  
2007-08

23 July 2008

AUDIT



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## Notice: About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's *Code of Audit Practice* ('the Code'). This report is for the benefit of only the National Waiting Times Centre Board and is made available to Audit Scotland (together the beneficiaries), and has been released to the beneficiaries on the basis that wider disclosure is permitted for information purposes but that we have not taken account of the wider requirements or circumstances of anyone other than the beneficiaries.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scope and objectives section of this report.

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# Executive summary

This report summarises our work for 2007-08 and our findings in relation to our audit of the financial statements, corporate governance and performance management arrangements.

## Financial statements

Following approval on 12 June 2008 we issued an audit report expressing an unqualified opinion on the financial statements of the Board for the year ended 31 March 2008 and on the regularity of transactions reflected in those financial statements.

We identified significant issues over the value of fixed assets and the completeness and existence of pay accruals. Management resolved these issues and processed adjustments of £255,000 and £267,000, respectively, to the financial statements. The net impact of these adjustments, together with some other minor changes, increased the outturn against the revenue resource limit by £71,000.

At 31 March 2008 there were no grievances or employment tribunal claims registered directly against the Board, but members of staff are included in group claims submitted to NHS Greater Glasgow & Clyde. In response to guidance from the CLO, the financial statements report a contingent liability.

## Corporate governance

We considered corporate governance arrangements as they relate to systems of internal control, the prevention and detection of fraud and irregularity, standards of conduct and arrangements for the prevention and detection of corruption, and its financial position.

The statement on internal control does not disclose any significant weaknesses in the systems of internal control and is consistent with our understanding. Internal audit concluded that there is "*moderate assurance on the adequacy and effectiveness of the system of internal control*".

We monitored the Board's involvement in NFI and concluded that arrangements to manage its obligations are adequate.

The Board met all three financial targets for 2007-08.

The £7.3 million surplus outturn against the revenue resource limit includes £6.3 million of monies carried forward relating to the West of Scotland heart and lung centre. The financial plan to 2010-11 forecasts a break-even position, but this is dependent on agreement of additional funding from NHS boards in the West of Scotland in 2010-11 and 2011-12.

## Performance management

We previously reported that performance management was an area for development. During 2007-08 management has established arrangements for measuring, monitoring and scrutinising operational performance, which will be further embedded during 2008-09.

The Board is now responsible for meeting waiting times for the first time and monitoring performance against these targets will be critical to assessment of the centre's success and continued sustainability.



The heart and lung centre has resulted in a significant increase in the number and type of staff employed and management will be required to implement and participate in initiatives, such as modernising medical careers, which may present a challenge.

Relationships and partnership working with NHS boards may change going forward into a tighter financial environment and the Board has to manage any risk to its longer term sustainability by ensuring that it delivers the optimum mix of capacity.

The new eHealth structure aims to support delivery of excellence in patient services and the directorate reporting process has incorporated information management.

Arrangements for securing Best Value have been self-assessed as 'well developed' for only one characteristic, but plans are in place that are likely to increase arrangements to 'well developed' in three areas during 2008-09. Of the eight areas assessed as 'under development', specific actions have only been identified to develop arrangements in five areas.

The Board achieved savings of £1.7 million against the 2007-08 target of £1.4 million, but £0.3 million were achieved on a non-recurring basis. The 2008-09 financial plan includes an efficiency savings target of £0.8 million.

# Introduction

## Audit framework

This year was the second of our five-year appointment by the Auditor General for Scotland as external auditors of the National Waiting Times Centre Board (“the Board”). This report to the Board and Auditor General provides our opinion and conclusions and highlights significant issues arising from our work.

In accordance with Audit Scotland’s Code of Audit Practice (“the *Code*”) the scope of the audit was to:

- provide an opinion on the Board’s financial statements and the regularity of your transactions;
- review and report on:
  - your corporate governance arrangements as they relate to: your review of systems of internal control; the prevention and detection of fraud and irregularity; standards of conduct, and prevention and detection of corruption; and your financial position
  - the Board’s arrangements to achieve Best Value
  - other aspects of your arrangements to manage performance, as they relate to economy, efficiency and effectiveness in the use of resources.

We outlined the framework under which we operate, under appointment by Audit Scotland, in the audit plan discussed with the Board’s audit committee.

## Service overview

After public consultation, the Health Minister announced in January 2006 that the Golden Jubilee National Hospital would be the setting for the new West of Scotland regional heart and lung centre. A 52-week build programme started in June 2006 and was completed during 2007. It was originally planned that the centre would open in the autumn of 2007, but actual opening was in March 2008. Cardiology and cardiothoracic services transferred from NHS Greater Glasgow & Clyde and NHS Lanarkshire in March and April 2008. Associated staff and some equipment and stock were transferred with effect from 1 April 2008. Completion of this development means that the scale of activities has trebled in the past three years.

Operating the heart and lung centre requires a broader range of clinical staff to be employed, including junior doctors for the first time, and a significant rise in the number of consultants. Taken with other developments, the opening of the centre has resulted in a significant increase in staff numbers to 1,500 in 2008-09.

The heart and lung centre will see the Board having responsibility for its own waiting time targets for the first time. We previously reported that performance management arrangements were under development and management has made significant progress in 2007-08 to implement a robust process in this area.

The development of the heart and lung centre has required significant capital investment, but the timing of service transfer has been an area of significant financial uncertainty in recent years and has again resulted in a considerable underspend against revenue funding allocations. The outturn for 2007-08 was an underspend of £7.3 million against the revenue resource limit due primarily to the delay in transferring services. The business case for the heart and lung centre requires significant efficiency savings in future years to meet a recurring expenditure gap.

Orthopaedic surgery remains a significant challenge to achievement of waiting times targets across Scotland. The Board has responded to increasing demand from referring NHS boards by building two laminar flow orthopaedic theatres. An additional three full-time consultant orthopaedic surgeons have been recruited, together with a range of nursing and other healthcare workers to support delivery of the expanded service.

We considered the processes and arrangements in these areas in focusing our audit effort.

### **Priorities and risks**

KPMG's audit methodology is risk based. To assist in the identification of risks and ensure development of a consistent approach to the audit across bodies, Audit Scotland published a *Priorities and Risks Framework* setting out seven areas for consideration:

- service redesign and sustainability;
- partnership working;
- governance;
- financial management;
- performance management;
- people management; and
- information management.

### **Responsibilities of the Board and its auditors**

External auditors do not act as a substitute for the Board's own responsibilities for putting in place proper arrangements to account for its stewardship of resources made available to it and its financial performance in the use of those resources, to ensure the proper conduct of its affairs, including compliance with relevant guidance, the legality of activities and transactions, and for monitoring the effectiveness of those arrangements and, through accountable officers, to make arrangements to secure Best Value.

We have structured the report around the headings financial statements audit, governance arrangements and performance management arrangements.

### **Acknowledgement**

We wish to record our appreciation of the continued co-operation and assistance extended to us by your staff.

# Financial statements audit

- We issued unqualified opinions on the financial statements.
- We identified significant issues over the value of fixed assets and the completeness and existence of pay accruals. Management resolved these issues and processed adjustments of £255,000 and £267,000, respectively, to the financial statements.
- A number of minor adjustments, taken together with those above, resulted in a net increase to the outturn of £71,000.

## Reporting arrangements and timetable

The Board changed its reporting timetable for 2007-08 and brought forward the dates of the audit committee and board meetings by more than two weeks. In accordance with the revised timetable, draft financial statements were available for audit on 25 April 2008. This allowed for timely completion of the audit and consideration and approval of the financial statements by the board on 12 June 2008.

## Audit opinion

Following approval on 12 June 2008 we issued an audit report expressing an unqualified opinion on the financial statements of the Board for the year ended 31 March 2008 and on the regularity of transactions reflected in those financial statements.

## Revaluation of fixed assets

The Board's accounting policies require that land and buildings are subject to annual valuation by external surveyors. Valuations are carried out in accordance with the Royal Institution of Chartered Surveyors ("RICS") appraisal and valuation manual and financial reporting standards. Management issued formal instructions to the external surveyors in March 2007, but instructions relating to the scope and content of the valuation were subsequently communicated orally during 2007-08, resulting in some lack of clarity over the purpose of requesting information of the 'added value' of capital spend.

The valuation report received reported land and buildings at £116.2 million at 31 March 2008, a decrease of £17.6 million from the value at which the assets were recorded in the fixed asset register. The draft financial statements were prepared based on management's assumption that the whole decrease was due to changes in market value.

However, the Board has undertaken a complex programme of capital works to accommodate the West of Scotland heart and lung centre. This work has included extensive internal refurbishment and a number of ancillary projects, including creation of three additional cardiac catheterisation laboratories. It became apparent during the audit process that the valuation process had not fully addressed the extent to which the capital expenditure incurred on service development projects should be wholly treated as capital.



The surveyors subsequently issued a revised opinion valuing the estate at £116.6 million. Clarity was also obtained over the scope of the valuation and that £1.9 million of plant and equipment had not been included in the valuation, which is in accordance with the surveyors agreed practice of valuing only the building. Overall, the value of the estate has decreased by £15.3 million, of which £0.25 million related to capital spend that did not add value and therefore management processed an adjustment to charge this element to the operating cost statement.

#### Managed service theatre contract

The board approved an orthopaedic expansion business case in December 2006. The business case proposed building two purpose-built orthopaedic theatres, doubling the previous capacity and assisting other NHS boards in meeting challenging orthopaedic waiting times. The two existing theatres were operated under a managed service contract, which was extended to include all four theatres. Management considered the terms of the contract and has correctly accounted for the extended contract 'off balance sheet', which is the same basis as the original contract.

#### Agreements with other NHS boards

In the years prior to and including 2006-07 the Board charged referring NHS boards for activity at the Golden Jubilee Hospital on a fee per case basis. The Board introduced a new funding mechanism during 2007-08 whereby the Scottish Government Health Directorate reduced the funding allocated to referring NHS boards and transferred 90% of the cost of agreed activity levels directly to the Board. The Board invoiced referring NHS boards that used more than 90% of their activity allocation for any specialty on a cost per case basis every quarter, but it was understood that there was no entitlement to a refund if activity levels were less than 90% of agreed levels. This arrangement was intended to reduce inefficiencies and bureaucracy, while promoting optimum utilisation of facilities.

However, the Board considers that, where activity has been below agreed levels, it may require to make some financial adjustment or offer compensating activity in 2008-09. Accordingly, management quantified the financial impact and has reflected this in the 2007-08 financial statements. These amounts have not however been recognised in the agreement of amounts due to and from other NHS boards so as not to prejudice the Board's negotiating position.

*Recommendation one*

#### Pay accruals

The balance sheet at 31 March 2008 includes pay accruals amounting to £2.5 million, including residual actual and potential liabilities arising from pay modernisation. Some of these have been carried for several years, although management consider it probable that these issues will be resolved during 2008-09, resulting in usage within the next financial year. We recommend that management ensures that sufficient progress is made to progress issues towards closure prior to preparation of the 2008-09 financial statements.

As a result of the audit process, management reviewed provision for unsocial hours payments, identified duplication and the accrual was reduced by £267,000.

*Recommendation two*

### Equal pay

Article 141 of the Treaty of Rome requires member states to ensure and maintain “the application of the principle that men and women should receive equal pay for equal work”. This was expanded on in the Equal Pay Directive, which made it clear that all such discrimination should be eliminated from all aspects of remuneration. The NHS in Scotland has received a number of claims for backdated pay increases, arising from this requirement.

For 2006-07, we accepted that no estimate of the potential liability for these claims could be identified because of the stage of development and as a result of the inclusion of a contingent liability within the financial statements. We strongly encouraged management, working with the Scottish Government Health Directorate and other NHS boards, to resolve this matter in advance of preparation of the 2007-08 financial statements.

As at 31 March 2008, NHS bodies in Scotland had received some 12,000 claims and referred them to the Central Legal Office. It is possible that these claims represent a current liability for NHS boards generally. At 31 May 2008 there were no grievances or employment tribunal claims registered directly against the Board, but members of staff are included in group claims submitted to NHS Greater Glasgow & Clyde.

The CLO has co-ordinated the response to all claims and attended discussions which have taken place so far. The CLO affirms that the cases in Scotland are at too early a stage to allow any assessment of financial risk to be included in the financial statements.

We note the CLO’s current view of the stage the cases have reached and management should continue to work with the Scottish Government Health Directorate and other NHS boards to form a view of the potential liabilities in line with accounting standards, taking into account the progress of cases in Scotland and in England.

*Recommendation three*

## Corporate governance

- The statement on internal control does not disclose any significant weaknesses in the systems of internal control. The content of the SIC is consistent with our understanding. Internal audit concluded that there is “*moderate assurance on the adequacy and effectiveness of the system of internal control*”.
- There is a formal process to record, distribute and monitor action in response to key guidance and circulars.
- The Board participated in NFI for the first time in 2007. We monitored the Board’s involvement in NFI during the course of the 2006-07 audit and concluded that adequate arrangements are in place for managing obligations with respect to NFI.
- The Board met all three financial targets for 2007-08.
- The £7.3 million surplus outturn against the revenue resource limit reported in 2007-08 includes £6.3 million of monies carried forward relating to the West of Scotland heart and lung centre. The financial plan to 2010-11 forecasts a break-even position, supported by release of funding carried forward, but this is dependent on agreement of additional funding from NHS boards in the West of Scotland in 2010-11 and 2011-12.

### Introduction

Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviour. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all bodies.

Through its chief executive, the Board is responsible for establishing arrangements for ensuring the proper conduct of its affairs, including compliance with relevant guidance, the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. The *Code* requires auditors to review and report on corporate governance arrangements as they relate to:

- the board’s reviews of its systems of internal control, including its reporting arrangements;
- the prevention and detection of fraud and irregularity;
- standards of conduct and arrangements for the prevention and detection of corruption; and
- its financial position.

### Corporate governance framework

The corporate governance framework was established in line with the management statement and associated financial memorandum with the Scottish Government. The management statement sets out the broad framework within which the Board should operate and details the responsibilities and accountabilities of the Scottish Ministers, the chair of the board and the Board’s Accountable Officer. The financial memorandum sets out financial provisions in detail.

Where the board has delegated responsibility or decision making power to a sub-committee, this is included in the terms of reference for the relevant sub-committee. The board has five sub-committees: audit, staff governance, clinical governance, remuneration, and performance and planning. Committee terms of reference are incorporated in the standing orders and include the committee's objectives, membership profile, remit, meeting frequency and reporting arrangements.

At an operational level, the governance framework is supported by:

- standing orders that outline the roles and responsibilities of the board and include the scheme of delegation which defines the level of responsibility delegated to committees and employees;
- standing financial instructions that define the financial responsibilities, policies and procedures; and
- financial operating procedures that provide detailed guidance on the operation of key processes, including financial controls, computer systems and operational workflows.

The board consists of six executive directors, including the chief executive, and seven non-executive directors, including the chair. One non-executive, who was also chair of the audit committee, retired at the end of his term and a new member joined in early 2008. All executive directors hold professional qualifications and the combined experience of the non-executive directors is appropriate for the Board. None of the members of the audit committee has an accountancy qualification.

The Ethical Standards in Public Life etc. (Scotland) Act 2000 required NHS organisations to implement a code of conduct for board members, outlining their responsibilities. In line with the model code, the code contains rules of conduct on:

- general conduct;
- registrations of interests;
- declaration of interests; and
- lobbying and access to members of public bodies.

We considered the corporate governance arrangements, which, combined with the work of internal audit, has concluded that, the corporate governance framework has been designed and implemented appropriately.

### **Statement on internal control ("SIC")**

The SIC for 2007-08 provides details of the processes and controls and management highlights that the organisation is committed to a process of continuous development and improvement and to developing systems in response to any relevant reviews and developments in best practice.

The SIC is compiled by the assistant director of finance, in conjunction with internal audit, and informed by reports from internal and external audit, the risk management steering group and the audit committee. In response to our recommendation in 2006-07, and in line with good practice, the risk management steering group approved the revised draft SIC prior to discussion at the audit committee. As part of the agreed timetable for earlier completion we reviewed the SIC and provided comments to management on suggested changes to the SIC to ensure compliance with guidance issued by the Scottish Government.

## Risk management

Authority for establishing and monitoring arrangements has been delegated to the risk management steering group. A revised risk management strategy was approved in September 2007, including terms of reference for the risk management steering group. The strategy includes guidance on accountability and responsibility at strategic and operational levels, the framework for identification, assessment, monitoring and reporting of risks, and risk management in practice, which considers the requirements of patients and the public, NHS boards, partner agencies, contractors and the voluntary sector.

Membership of the risk management steering group is wide-ranging and includes all executive directors, infection control manager, clinical governance manager, hotel general manager, and heads of engineering and information management and technology. The director of nursing has lead responsibility for implementation of the risk management strategy and supporting processes. The group is responsible for coordinating delivery of the risk management strategy to ensure the development of a comprehensive risk management framework and supporting processes. This will ensure that responsible officers identify and effectively manage risks and threats to the achievement of strategic priorities and delivery of health services. The group prepares an annual improvement plan that sets out the priorities for the senior management team and directorate management teams in the continuous development of risk management arrangements. The chief executive approves the plan and the clinical governance committee monitors progress against the plan.

The risk management workshops held in 2006 and 2007 facilitated the identification of risks to strategic and corporate objectives and preparation of a corporate risk register. Corporate risks are categorised as clinical, financial, reputational or human resources related. During 2006-07 and 2007-08 risk management processes have become embedded at a strategic and level and the roll out of departmental risk registers is nearing completion.

Internal audit did not identify any critical or high risk recommendations during their review of operational risk management arrangements, but reported that arrangements to monitor risk management activity at directorate level and the completeness of the departmental risk registers could be improved.

## Clinical governance

The Board's framework is governed by the clinical governance strategy 2006-09. The strategy defines clinical governance as "*the system for making sure that healthcare is safe and effective and that patients and the public are involved...*" and states that the Board's aim is "*to consistently deliver ... safe, effective, patient care delivered by staff who are supported by, and working in, a safe and effective organisation...*".

The comprehensive strategy outlines the framework for delivery, including consideration of risk management and patient / public involvement, staff responsibilities, monitoring and communication. The strategy includes the terms of reference for the clinical governance committee, clinical governance steering group and the directorate clinical governance groups. In line with good practice, the strategy is reviewed and updated on an annual basis.

NHS Quality Improvement Scotland ("NHS QIS") published the national standards for clinical governance and risk management: achieving safe, effective, patient-focused care and services in October 2005. These standards are being used to assess the quality of services provided by NHSScotland nationwide.

The results of the peer review of the Board were published in February 2007 and concluded that *"the NHS Board is implementing its policies, strategies, systems and processes:*

- *to control risk, continually monitor care and services and work in partnership with staff, patients and members of public;*
- *to provide care and services that take into account individual needs, preferences and choices; and*
- *to promote public confidence about the safety and quality of the care and services it provides."*

During 2007-08 management has introduced directorate clinical governance groups which meet on a regular basis to support staff and further embed clinical governance arrangements. A clinical audit policy was introduced during the year and a formal clinical audit plan will be established in 2008-09. Clinical audit projects are registered on a database to track and support audit work and to share good practice across the organisation. A corporate quality group was recently established to enable corporate heads of department to monitor and review policies and functions that directly and indirectly impact on clinical governance standards. The Board anticipates that it will increase its assessment rating from NHS QIS in advance of the next review scheduled for 2008-09.

#### Internal audit

The internal audit contract is now in its second year and there have been no significant changes in the nature or level of provision of internal audit services. We have liaised with internal audit during the year, both formally through attendance at audit committee meetings, and informally to discuss the content and timing of their work in areas where we planned to place reliance.

Internal audit delivered the annual plan in full and the draft annual internal audit report discussed by the audit committee on 29 April 2008. We placed reliance on internal audit's work in the following areas:

- budgetary control and financial reporting;
- controls risk self assessment;
- procurement;
- performance management; and
- Best Value.

As part of our evaluation of internal audit we reviewed the files supporting the reports issued, with the exception of work on Best Value, which was not formally documented.

Internal audit's annual audit report concluded that there is *"moderate assurance on the adequacy and effectiveness of the system of internal control"*. This is the same level of assurance as the previous year. Internal audit's conclusion is based on the identification of *"mostly low and medium rated risks ... but there have been some isolated high risk recommendations"*.

Management is responding to "high risk" recommendations in relation business continuity and workforce management through:

- development of a business continuity action plan, including business impact analysis and the requirement to identify and prioritise information technology systems in line with business need;

- monitoring of special leave has been introduced at directorate level, with uptake reported to performance management meetings;
- provision of refresher training and guidance on absence management; and
- allocating responsibility monitoring and managing absences to address identified specific weaknesses in the theatres' absence management process to newly appointed team leaders.

### Internal controls

Drawing on the work of internal audit, we carried out detailed testing in relation to both organisation-wide and key financial controls. We concluded that, with the exception of controls over purchasing and receipting of goods and services, controls were designed appropriately and operating effectively. Management has completed an internal exercise to gain assurance that the control weaknesses did not result in improper expenditure being incurred during the year.

We identified a number of minor areas for enhancement, including aged debt monitoring, health club cashing up procedures, and access rights to IT systems. Management accepted the recommendations. To ensure that all agreed recommendations are satisfactorily implemented on a timely basis, management should implement robust follow-up arrangements, with status update reporting to meetings of the audit committee.

### Prevention and detection of fraud and irregularity

#### Fraud policy

The fraud response plan and whistle-blowing policy – part of the approved fraud policy – were last updated in 2003 and 2005, respectively. In 2006-07 we recommended to management that these were updated; this will be progressed following finalisation of the 'strategy to combat NHS fraud in Scotland' issued by the Scottish Government Health Directorate in January 2008.

Both policies contain guidance on key areas, including fraud indicators and investigation procedures. There are no significant weaknesses, but good practice would suggest that management review all policies on a cyclical basis to ensure that they meet current guidelines and remain relevant for the organisation.

#### National Fraud Initiative ("NFI")

In 2007-08 the Board participated in the NFI in Scotland. The Scottish Government Health Directorate and Counter Fraud Services have strongly supported the involvement of health bodies in the exercise, which is undertaken as part of the audits of the participating bodies. NFI brings together data from health bodies, councils, police and fire and rescue boards, and other agencies, to help identify and prevent a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud and payroll fraud. Health bodies provided payroll data for the exercise. The NFI has generated significant savings for Scottish public bodies (£27 million to 2005), but if fraud or overpayments are not identified, assurances may be taken about internal arrangements for preventing and detecting fraud. Participating bodies follow up the matches, as appropriate, and record the outcomes of their investigations in the application.

The overpayments and savings identified by participating bodies in Scotland during the 2006-07 exercise is currently £9.7 million, which is likely to increase in the months ahead as bodies complete their follow up work. While NHS boards did not identify a significant part of these savings, as they are principally responsible for payroll matches, the inclusion of NHS boards was worthwhile. NHS employees were linked with several payroll irregularities, including a significant payroll fraud involving working while on sick leave at another body. NHS employees were also linked with more than 90 cases of housing benefit fraud or overpayment.

The Scottish Government Health Directorate issued guidance to all NHS boards in April 2008 to outline the requirements for data preparation and submission for inclusion in the 2008-09 NFI exercise which commences on 6 October 2008.

We monitored the Board's involvement in NFI during the course of the 2006-07 audit, and updated our understanding of the status of investigations into data matches as part of our interim audit visit in December 2007. Our responsibilities in relation to the NFI exercise include completing a questionnaire evaluating the response to NFI and sample testing of cleared matches, which was submitted to Audit Scotland in February 2008.

The fraud liaison officer is the NFI key contact, ensuring clarity in internal responsibilities for the prevention and detection of fraud. A human resources manager conducted the detailed investigations to safeguard the confidentiality of employee data. Investigations requiring further substantive work were planned, but some high quality data matches remain uncleared relating to employees of other NHS boards. The internal NFI group should liaise with the relevant NHS boards to ensure that all outstanding matches are cleared as soon as possible.

The Board established an internal group to facilitate the review and reporting of the work being performed. Membership of the group comprised representatives from finance, human resources, hotel and staff representatives. The group focuses on the matches that require to be reviewed internally. Management regularly updates the online application with the outcome of investigations. Documentation to support the outcome of investigations is held on the personnel files of relevant employees, which was confirmed by sample testing. Management reported progress in investigating NFI data matches to the audit committee in February, May and November 2007.

We have previously reported that there were adequate arrangements in place for managing obligations with respect to NFI, but, despite these arrangements, a number of high priority matches remain outstanding and require to be resolved.

*Recommendation four*

## **Regularity**

In accordance with our responsibilities within *the Code*, we provide an opinion on the Board's financial statements and, as required by relevant authorities, the regularity of transactions.

In order to gain assurance over the regularity of expenditure we have updated our understanding over the processes in place to receive SGHD circulars, register, allocate and distribute responsibility for action points and monitor and follow up these action points.



We have considered the specific requirements of a number of financial circulars, particularly those in relation to remuneration, and did not identify any instances of non-compliance.

### Financial position

The Board achieved all three of its financial targets for 2007-08.

A three year financial plan was presented to the board and submitted to the Scottish Executive Health Department in February 2007. The table below summarises the forecast financial performance.

	<b>2007-08</b> <b>£'000</b>	<b>2008-09</b> <b>£'000</b>	<b>2009-10</b> <b>£'000</b>
In-year saving	1,004	450	-
Funding carried forward to support development of the West of Scotland regional heart and lung centre	5,146	2,839	532
<b>Saving against the revenue resource limit</b>	<b>6,150</b>	<b>3,289</b>	<b>533</b>

Source: National Waiting Times Centre Board financial plan (February 2007)

The outturn against the revenue resource limit of £65.846 million was a saving of £7.3 million, of which £6.3 million relates to the heart and lung centre. From September 2007 onwards the director of finance considered the potential impact on delays in the transfer of heart and lung services from NHS Greater Glasgow & Clyde and NHS Lanarkshire and updated the projected forecast accordingly. The outturn is slightly higher than the forecast outturn and £1.2 million higher than the original forecast in February 2007. The in-year saving, excluding heart and lung services, of £1 million was in line with the original plan. Management anticipate that the full carry forward into 2008-09 of £6.3 million heart and lung funding will be approved, together with £0.5 million of the operational underspend.

The capital resource limit for 2007-08 was £16.7 million and the actual outturn was a saving of £2.5 million, which management expect to carry forward into 2008-09 to meet planned capital projects. The underspend was due to slippage in specific planned projects and is therefore required to meet this expenditure in 2008-09. The Scottish Government Health Directorate's final allocation letter reduced the capital resource limit to £13.77 million.

The Scottish Government Health Directorate has not yet formally notified the Board of the level of revenue and capital funding that can be carried forward into 2008-09. The three year revenue financial plan and budget for 2008-09 has been approved by the Scottish Government Health Directorate and assumes an approved carry forward of £6.7 million. If the additional £0.6 million carry forward is formally approved it will be applied to non-recurring expenditure on backlog maintenance and minor equipment purchases. Similarly, the Scottish Government Health Directorate has not formally confirmed whether the £2.5 million capital underspend will be available during 2008-09 as required by the Board's approved capital plan. Management should liaise with the Scottish Government Health Directorate to obtain formal confirmation of funding being carried forward into 2008-09 to avoid the risk of late changes to financial plans.

*Recommendation five*

The starting point for the 2007-08 budget was to roll forward that from the previous year and make adjustments for changes in recurring and non-recurring income and expenditure, and any new positions established. Senior finance staff initially complete the budget-setting process, but operational managers are subsequently asked to review the planned budget and formally request any amendments. The board and Scottish Government Health Directorate approved the finalised budget.

Management consistently reported the in-year forecast saving against the revenue resource limit to the board and Scottish Government Health Directorate during the year.

Appointment of directorate accountants in November 2006 has had a positive impact on the financial monitoring process during the year through development of consistent procedures for monitoring financial performance against budget. The process includes analysis of income and expenditure variances, consideration of activity data, linking activity to financial performance, and key financial risks facing the directorate during the rest of the financial year. Directorate accountants present monthly information in a format consistent with the financial statements.

#### Financial plans

The three year financial plan to 2010-11 forecasts a break-even position, supported by release of funding carried forward in relation to the heart and lung centre. The forecast outturn is dependent on agreement of additional funding from NHS boards in the West of Scotland in 2010-11 and 2011-12.

The 2008-09 financial plan forecasts a saving against the revenue resource limit of £3.9 million. This is based on an in-year gap of £2.3 million, which is supported by utilisation of funding carried forward to support development of the heart and lung centre.

The 2008-09 financial plan identifies potential future cost pressures relating to the heart and lung centre, including ambulance transportation arrangements, laboratory costs, nurse/bed ratios in intensive care and administrative and support functions. A number of service redesign and benchmarking exercises are underway to minimise the impact of these pressures. In addition, operational cost pressures include the staffing and supply costs and capital charges arising from the orthopaedic expansion, development and implementation of the research strategy, and delivery of the Beardmore Hotel strategy, for which the costs of pay modernisation represent a significant financial risk. Continuing achievement of financial balance will require robust review and redesign of operational processes. A review of manpower and service redesign within hotel operations has already commenced.

*Recommendation six*

## Performance management

- The Board is now responsible for meeting orthopaedic and cardiology waiting times guarantees for the first time. Management has introduced systems and processes to monitor performance, which will be critical to assessment of the centre's success and continued sustainability.
- The heart and lung centre has resulted in a significant increase in the number and type of staff employed. As a result, management will be required to implement and participate in initiatives, such as modernising medical careers, which may present a challenge.
- The Board is actively involved in partnership working in corporate and clinical initiatives. Relationships with NHS boards may change going forward into a tighter financial environment and the Board has to manage any risk to its longer term sustainability by ensuring that it delivers the optimum mix of capacity.
- We previously reported that performance management was an area for development. During 2007-08 management has established arrangements for measuring, monitoring and scrutinising operational performance, which will be further embedded during 2008-09.
- The new eHealth structure aims to support delivery of excellence in patient services and the directorate reporting process has incorporated information management processes.
- Arrangements for securing Best Value have been self-assessed as 'well developed' for only one characteristic, but plans are in place that are likely to increase arrangements to 'well developed' in three areas during 2008-09. Of the eight areas assessed as 'under development', specific actions have only been identified to develop arrangements in five areas.
- The Board achieved £1.7 million savings against the 2007-08 target of £1.4 million, but £0.3 million were achieved on a non-recurring basis. The 2008-09 financial plan includes an efficiency savings target of £0.8 million.

### **West of Scotland heart and lung centre**

Migration of services to the heart and lung centre took place on a phased basis between March and May 2008. The centre brings together cardiothoracic surgery and interventional cardiology services from NHS Greater Glasgow & Clyde and NHS Lanarkshire. The Board assumed responsibility for meeting associated waiting times guarantees with effect from 1 April 2008 and systems and processes have been introduced to ensure that infrastructure is in place to enable effective monitoring and management of waiting times.

The orthopaedic expansion programme was completed in January 2008, providing two additional purpose built orthopaedic theatres. The Board is piloting the use of the Caledonia technique for performing lower limb joint replacements, designed to give efficient post operative pain relief to patients and allow early mobilisation following surgery, decreasing the required length of hospital stay and increasing the hospital's annual capacity.

There is a risk that the new funding arrangements for provision of elective activity to referring boards has caused boards to be overly conservative in their activity requests for 2008-09. Territorial NHS boards are increasingly deploying internal solutions to meet waiting time guarantees and the Board has to manage the risk to its longer term sustainability by ensuring that it delivers the optimum mix of capacity.

### **Workforce management**

All employees have been assimilated under *Agenda for Change* and there has only been a small number of requests for review. A number of reviews have been completed and less than 50 were outstanding at the year end.

The staff governance committee, partnership forum, senior management team and board considered the annual staff governance submission in March and April 2008. Of the 35 actions previously identified, 26 have been implemented and seven are in progress. Actions not implemented relate to development of a capability policy and associated training for both hospital and hotel staff. This is being progressed during 2008-09.

Work continues to implement and embed the knowledge and skills framework ("KSF") ahead of the national deadline of 1 March 2009. Prior to transfer of staff to the heart and lung centre, 42% of staff had submitted their personal development plan.

The initial effectiveness of the heart and lung centre will depend upon the success of the transfer recruitment and retention strategy. Around 85% of staff employed in the centre have transferred from NHS Greater Glasgow & Clyde and NHS Lanarkshire. There have been appointments of five anaesthetists and three orthopaedic consultants to support the increase in theatres. The opening of the centre has resulted in staff numbers more than doubling and brings new people management challenges. This includes participation in the modernising medical careers training programme and employing junior doctors for the first time.

The Board regularly submits pay modernisation benefits realisation plans to the Scottish Government Health Directorate. The update at 31 March 2008 is undergoing internal review prior to submission by 31 May 2008. Management has reported that benefits realised to date include increased activity levels and the ability to introduce new clinical techniques. Management believes that the full benefits of pay modernisation will be fully realised once KSF is fully embedded.

### **Partnership working**

The Board actively participates in regional planning, with the development of the West of Scotland heart and lung centre a key example. In providing elective surgery capacity to territorial boards, the Board interacts with other NHS bodies to ensure it is providing the right mix of procedures and specialties. In addition, other examples of joint working with other bodies, include:

- quarterly planning meetings with referring NHS boards were introduced in 2007-08, and these meetings have improved working relationships and fostered a greater sense that they are working together to achieve one outcome (reduced waiting times across the NHS in Scotland);
- engaging in discussions with referring boards to agree three or five year plans for activity levels from 2008-09 onwards, which will facilitate more robust activity planning; and

- the chief executive, the medical director and the nursing director participate on national and regional groups, including West of Scotland regional planning groups and chairing the national nursing research, training and education group.

### **Performance management**

The Board is in the process of implementing systems to record and monitor data. It has established more robust arrangements for measuring, monitoring and scrutinising operational performance in 2007-08. Performance is considered at directorate and corporate level and the chief executive is the corporate lead for establishing these processes.

A new performance and planning committee supports a performance management structure based on four operational directorates. A comprehensive performance information pack is prepared each month and provides the basis for directorate performance reports. These packs include consideration of operational, financial, staff and clinical governance as well as strategic and operational issues. The committee has delegated responsibility for preparing the local delivery plan to a steering group, membership of which consists of general managers and several executive directors, ensuring that targets are challenging but operationally achievable. Local delivery plan targets are embedded within the corporate scorecard, which is reported to the committee and the board.

Internal audit has reviewed performance management arrangements and made no critical or high risk recommendations. They concluded that arrangements are "*well formulated [due to] considerable development work during the last two years*". The report also highlights areas of best practice, including:

- the performance management structure responds to the recommendations made by NHS QIS;
- the level and standard of communication is high among senior and operational staff; and
- the consistent format of reporting to the performance and planning committee strengthens the organisational understanding of the operations of each of the directorates.

The review highlighted some minor weaknesses in the performance management process, including an occasional lack of clarity over the role and remit of the committee, a lack of performance reporting over corporate and centralised functions, and the absence of benchmarking processes.

### **Information management**

The head of eHealth has submitted an information security action list to the Scottish Government. The Board considers that it has robust systems in place for securing patient data. The heart and lung service transfer plan includes consideration of information governance, although management recognise a need for careful and proactive management of information governance throughout the migration. The information security policy is considered to meet NHS QIS standards.

The Board has implemented a new eHealth structure to support delivery of excellence in patient services. In addition, development of new information packages should support directorates, promoting rigorous scrutiny at senior management and board level, as well as supporting continuous improvement throughout the organisation.

### **Beardmore Hotel and Conference Centre**

During 2006-07 the Minister for Health approved the Beardmore Hotel strategy to increase utilisation of the facility, which aims to become “the centre of choice for conference, training and accommodation requirements of NHS Scotland”. The hotel is now a directorate within the operating structure and the business development director presents performance management reports to the performance and planning committee and to the board. NHS and public sector usage of the conference facilities continues to grow. In the year to 31 March 2008, NHS and other public sector users made up 36% of hotel income, against a target of 25%. The hotel aims to become recognised as the best conference centre in Scotland and held a forum for public sector conference organisers in June 2007 to provide a platform for exchanging ideas and sharing best practice. The hotel received a number of awards during 2007-08, including ‘conference centres of excellence’ accreditation.

### **Audit Scotland performance studies**

Audit Scotland undertakes a programme of studies on financial management, governance and performance on behalf of the Auditor General. This programme covers topics of national importance. During 2007-08 the following reports were published in relation to the NHS:

- primary care out-of-hours services;
- overseas staff in the NHS – pre-employment checks;
- overview of Scotland’s health and NHS performance in 2006-07;
- free nursing and personal care; and
- managing long term conditions.

Studies on NHS asset management, diagnostics, mental health, national general medical services contract and palliative care are in progress.

The chief executive receives reports and distributes them to relevant senior management. Where appropriate, an internal action plan will be prepared, based on Audit Scotland’s summary and national conclusions, to address local weaknesses. We appreciate that a number of national reports do not directly impact the Board and its activities, but we would have expected evidence that all reports have been noted as received and considered where appropriate.

### **Overseas staff in the NHS – pre-employment checks**

Events in Glasgow and London in 2007 were alleged to involve overseas staff working in the NHS. Following these incidents reviews were instigated which covered the arrangements for recruiting overseas staff for work in the NHS. In Scotland the Cabinet Secretary for Health and Wellbeing also requested a review of whether pre-employment screening of overseas staff working in the NHS in Scotland was in line with guidelines set out by the Centre for Protection of National Infrastructure.

Audit Scotland carried out a review as to whether NHS boards are following their own procedures on pre-employment screening, reporting in November 2007. This review considered whether NHS boards were complying with pre-employment screening procedures for overseas staff and included testing source documentation in five NHS boards.

During our 2007-08 audit planning process we indicated that, following consideration of Audit Scotland's report by the audit committee of the Scottish Parliament, we had been requested to undertake compliance testing of records at NHS boards that were not part of the national review.

Audit Scotland reported a high level of compliance and, from a sample of 235 files across five NHS boards, there was evidence on files to demonstrate that the majority of checks were performed. Overall, the Board's files demonstrate that the majority of checks were performed in line with oral guidance received by the Board from the Home Office.

The Board has not fully complied with the requirements set out in chief executive letter 23(2007) 'safer pre and post employment checks – policy for NHSScotland', albeit these relate to minor control issues and to the difference in interpretation of guidance. We have notified Audit Scotland of these inconsistencies for future resolution.

Our work over the design, implementation and effectiveness of controls over overseas recruitment has therefore concluded that controls are designed and implemented appropriately with minor control issues identified. Management are developing an action plan to strengthen recruitment processes where this is necessary. Management are awaiting guidance from Audit Scotland in relation to the difference in interpretation of guidance. We reported our conclusions to the chief executive on 1 May 2008 and 23 July 2008.

#### [Asset management](#)

The NHS in Scotland owns assets valued at over £4 billion including land, hospitals and equipment. The way these are managed has a significant impact upon service delivery. The NHS is currently undergoing service redesign which will also have an impact on the way assets are managed. The overall aim of the study is to consider the extent to which the NHS manages its assets strategically in order to ensure they are used as efficiently and effectively as possible. The study will highlight areas of good practice and make recommendations where assets can be used more efficiently.

Audit Scotland plan to publish their report in the autumn of 2008.

#### [Review of major capital projects in Scotland](#)

Between 2002 and 2007, the Scottish Government and its agencies, non departmental public bodies and the NHS completed 43 publicly funded major (in excess of £5 million) capital projects valued at £811 million. Audit Scotland's report was published in June 2008 and highlighted the following key messages:

- in general, the achievement of cost and time targets improved significantly as projects progressed;
- early cost and time estimates at project approval stage were too optimistic for many major projects;
- cost and time performance is better after contracts are awarded, as plans are more certain and risks clearer;
- few projects have been evaluated to demonstrate that they have delivered the expected wider benefits which originally justified the investment; and
- a more strategic approach to managing capital projects could improve value for money.

Audit Scotland selected the West of Scotland heart and lung centre in its sample and concluded that:

- there were relatively minor changes and / or uncertainty in relation to the costs and timescales of the project; and
- the quality of the project was on target.

### **Best Value**

Audit Scotland published a baseline of Best Value arrangements in the NHS from the results of its survey during the 2005-06 audit. While the Board did not participate in this baseline review of current arrangements, the chief executive has a responsibility to ensure that a Best Value framework is embedded in overall arrangements.

Management completed the baseline review during 2007-08, with assistance from internal audit. Management has assessed arrangements for securing Best Value as 'under development' in respect of eight characteristics and 'well developed' for only one characteristic. In the original baseline review exercise completed in March 2006, 90% of Best Value characteristics in NHS boards were considered 'under development' or better, with 38% of characteristics assessed as 'well developed'. Given that the Board is assessing its arrangements two years later, it would appear that the Board is comparatively behind the rest of the sector in embedding arrangements to secure Best Value.

Overall, the apparent lack of progress is heavily linked to the early stage of many developments, particularly relating to performance management. There is evidence to support management's assessment of arrangements in the following areas moving to 'well developed' once performance management and other arrangements have had an opportunity to develop and become fully embedded, which is likely to be during 2008-09:

- commitment and leadership;
- sound governance at strategic and operational level; and
- responsiveness and consultation.

Management has prepared an action plan, but no specific actions have been identified in respect of three characteristics where arrangements were assessed as 'under development' (use of review and option appraisal, equal opportunities arrangements and joint working). Management should develop specific action points for these characteristics to ensure that there is a structured plan to enable arrangements in these areas to be internally assessed as 'well developed' within a pre-defined timescale.

*Recommendation seven*

### **2008-09 onwards**

Audit Scotland has been committed to extending the Best Value audit regime across the whole public sector for some time now, with significant amounts of development work having taken place during the last year. Using the Scottish Executive's nine best value principles as the basis for audit activity, Audit Scotland has selected five areas as priority development areas (use of resources, governance and risk management, accountability, review and option appraisal, and joint working). Audit Scotland is currently developing a series of toolkits that auditors will be required to use from 2008-09. Completion of these toolkits will require a detailed examination of arrangements in specific areas.



The focus of this work in 2008-09 will be on the use of resources, including efficiency, information management, procurement, asset management, performance management and people management. It is anticipated that national reports may be prepared by Audit Scotland and it is therefore important that the Board ensures that appropriate focus and resources are available to develop arrangements to secure Best Value.

### **Efficient government**

The efficient government initiative is a five-year programme with the aim of tackling waste, bureaucracy and duplication in Scotland's public sector. NHS boards need to embrace the efficient government agenda and establish a clear programme for delivering efficiency savings. The 2005-06 efficient government diagnostic was completed in April 2006.

The 2007-08 year-end outturn included achievement of £1.7 million of efficiency savings against a target of £1.38 million. 17% of savings achieved were achieved on a non-recurring basis, but over-achievement of recurring savings means that the Board met the target agreed with the Scottish Government Health Directorate. The Board achieved savings through a review of medical staffing arrangements, procurement, implementation of PACS (a national picture archiving communication system for diagnostic imaging), workforce planning and support services redesign.

### **National shared support services**

During the period to January 2007 NHS Scotland has been developing proposals for shared support services in financial and related services in the form of a "hub and spoke" model. The response to the proposals, including that from the Board, was characterised by reservations over the risks inherent in the proposed scheme, the impact on staff and the deliverability of savings. The project was subsequently re-launched as the shared support services programme, involving a two-tier approach which seeks to build confidence in new ways of working, using common processes and systems, leading to a single services model based on a common finance system.

This approach involves a "foundation" level of involvement around common ledger arrangements, or a "pathfinder" approach which seeks to develop more advanced elements. NHS National Services Scotland, on behalf of the Scottish Government Health Directorate, published a paper on the shared support services programme 'plan for the way forward' in September 2007. This paper clearly outlines the aims and objectives of the project in the period to March 2009 and beyond.

In response, the Board has approved a proposal to join the NHS National Services Scotland consortium. An internal review found that the Board would not benefit from any efficiency savings by embracing the shared services staffing model.

## Appendix – action plan

Priority rating for performance improvement observations raised		
<p><b>Grade one</b> (significant) observations are those relating to business issues, high level or other important internal controls. These are significant matters relating to factors critical to the success of the Board or systems under consideration. The weakness may therefore give rise to loss or error.</p>	<p><b>Grade two</b> (material) observations are those on less important control systems, one-off items subsequently corrected, improvements to the efficiency and effectiveness of controls and items which may be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified.</p>	<p><b>Grade three</b> (minor) observations are those recommendations to improve the efficiency and effectiveness of controls and recommendations which would assist us as auditors. The weakness does not appear to affect the availability of the controls to meet their objectives in any significant way. These are less significant observations than grades one and two, but we still consider they merit attention.</p>

No.	Issue and performance improvement observation	Management response	Officer and due date
1	<p>The impact of potential refunds to referring NHS boards was reflected in the financial statements, but these amounts were not recognised in the agreement of amounts due to and from other NHS boards.</p> <p>Amounts agreed with other NHS boards as part of the financial statement preparation process should include all outstanding transactions, including those for which an invoice has not been issued or received.</p> <p><i>(Grade two)</i></p>	<p>The Board has recognised a risk that there may be further negotiation needed with some NHS boards, however, it is important to note that, overall, the process has worked well and will be implemented again during 2008-09. Discussions will be held and disputes concluded during 2008-09.</p>	<p>Director of finance Director of business development 31 January 2009</p>
2	<p>The balance sheet includes various accruals in conjunction with pay related matters amounting to £2.5 million, some of which have been carried for several years, giving rise to the rise that final settlement of some of these may be over or under the amount provided. Should this be the case, management would be required to address the matter on an in-year basis.</p> <p>Management should ensure that sufficient progress is made to progress issues towards closure prior to preparation of the 2008-09 financial statements.</p> <p><i>(Grade one)</i></p>	<p>Management will review the level of pay accruals during 2008-09. Where appropriate this will be reviewed in conjunction with the CLO.</p>	<p>Director of human resources Director of finance 31 March 2009</p>

No.	Issue and performance improvement observation	Management response	Officer and due date
3	<p>We note the CLO's current view of the stage the cases have reached and management should continue to work with the Scottish Government Health Directorate and other NHS boards to form a view of the potential liabilities in line with accounting standards, taking into account the progress of cases in Scotland and in England.</p> <p><i>(Grade one)</i></p>	<p>Management will work with the Scottish Government Health Directorate and the CLO to progress.</p>	<p>Director of human resources Director of finance 31 March 2009</p>
4	<p>A number of high priority matches remain outstanding and require to be resolved, but these relate to employees of other NHS boards.</p> <p>Management should liaise with the relevant NHS boards to ensure timely resolution.</p> <p><i>(Grade three)</i></p>	<p>Agreed.</p>	<p>Assistant director of finance Ongoing</p>
5	<p>The Scottish Government Health Directorate has not yet formally notified the Board of the level of revenue and capital funding that can be carried forward into 2008-09, but has approved the three year financial plan that assumes a carry forward of £6.7 million of the £7.3 million surplus.</p> <p>Management should liaise with the Scottish Government Health Directorate to obtain formal confirmation of funding being carried forward into 2008-09 to avoid the risk of late changes to financial plans.</p> <p><i>(Grade two)</i></p>	<p>This issue arises due to the timing of the SGHD financial statements, which are generally not concluded until June. Discussions have taken place with the SGHD and indications are that the carry forward will be approved. This is in line with the SGHD approved financial plan for the Board. This issue has not impacted on the Board's budgeting or financial planning process. SGHD are aware of the issue and work with the Boards in a proactive way to minimise any issues. Discussions will continue on that basis.</p>	<p>Director of finance 30 June 2008</p>
6	<p>The 2008-09 financial plan identifies potential future cost pressures relating to the heart and lung centre in addition to existing operational cost pressures.</p> <p>Continuing achievement of financial balance will require robust review and redesign of operational processes.</p> <p><i>(Grade two)</i></p>	<p>The Board recognises the importance of the heart and lung financial position and strategy. A robust review process will be put in place and managed through the Board's directorate and performance and planning structure.</p>	<p>Director of finance 31 August 2008</p>

No.	Issue and performance improvement observation	Management response	Officer and due date
7	<p>Management has prepared a Best Value action plan, but no specific actions have been identified in respect of three characteristics where arrangements were assessed as 'under development'.</p> <p>Management should develop specific action points for these characteristics to ensure that there is a structured plan to enable arrangements in these areas to be internally assessed as 'well developed' within a pre-defined timescale.</p> <p><i>(Grade two)</i></p>	<p>Management undertook a detailed review of Best Value during 2007-08. This highlighted a number of areas that were categorised by the Board as under development, primarily due to the performance management process that was still being developed in early 2007-08. This process has developed significantly during the year and a further review of Best Value is planned for early 2008-09. It is anticipated that the actions from the review will be concluded and reported to the next audit committee in 2008-09.</p>	<p>Assistant director of finance</p> <p>30 September 2008</p>

