

Great Ormond Street Hospital
for Children NHS Trust

Annual Audit Letter

Year ended 31 March 2011

Contents

| | |
|---|----|
| Executive summary | 2 |
| 1. Introduction | 3 |
| 2. Audit of the financial statements | 4 |
| 3. Value for money conclusion | 5 |
| 4. Quality Accounts | 6 |
| 5. Other work performed | 7 |
| 6. Closing remarks | 8 |
| Appendix 1: Reports issued in relation to the 2010/11 audit | 9 |
| Appendix 2: Analysis of professional fees | 10 |
| Appendix 3: Annual summary of recommendations | 11 |

Executive summary

We have pleasure in setting out in this Annual Audit Letter the main findings and conclusions from our external audit work for Great Ormond Street Hospital for Children NHS Trust ("the Trust") for the year ended 31 March 2011.

This executive summary highlights the most significant matters which we would like to bring to your attention. It should, therefore, be read in conjunction with the following sections of this letter and the appendices thereto.

| Description |
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| Audit of the financial statements | We are pleased to report that we issued an unqualified opinion on the Trust's 2010/11 accounts in line with the deadline set by the Department of Health of 10 June 2011. Our opinion confirmed that the accounts gave a true and fair view of the Trust's financial affairs and of the income and expenditure recorded by the Trust. We reported the findings of our audit to the Trust's Audit Committee on 8 June 2011. Recommendations that were raised as a result of our audit work have been summarised in Appendix 3. |
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| Accounting issues | We received a complete set of draft accounts in advance of the deadline set by the Department of Health. No significant accounting issues arose during the audit of the draft accounts. |
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| Accounting policies | As part of our audit, we considered the quality and acceptability of the Trust's accounting policies and financial reporting and no issues were identified from our procedures. |
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| Value for money | We are required to issue a value for money ("VfM") conclusion within our report on the financial statements. From 2010/11 we are required to base our statutory VfM conclusion on two criteria specified by the Audit Commission: <ul data-bbox="491 1211 1490 1346" style="list-style-type: none">• the organisation has proper arrangements in place for securing the financial resilience; and• the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness. We completed our work in accordance with the Audit Commission guidance in respect of the Trust's arrangements to secure economy, efficiency and effectiveness in its use of resources. We were able to issue an unqualified value for money opinion and were satisfied that in all significant respects the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011. We have included a list of high and medium priority recommendations in Appendix 3. |
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| Quality Accounts | No issues came to our attention that would cause us to believe that the content of the Quality Accounts was not in accordance with the relevant guidance. Further details are given in section 4. |
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| Analysis of audit fees | An analysis of audit fees for the year ended 31 March 2011 is shown in Appendix 2 to this letter. |
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| Independence and objectivity | In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit partner and audit staff is not impaired. |
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1. Introduction

| Description | |
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| Purpose of this letter | <p>The purpose of this Annual Audit Letter is to summarise the key issues arising from the audit work that we have carried out during the year. Although this letter is addressed to the directors of the Trust, it is also intended to communicate the significant issues we have identified, in an accessible style, to key external stakeholders, including members of the public. The letter will be published on the Audit Commission website and on the Trust website.</p> <p>This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued on the Audit Commission website.</p> |
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| Responsibilities of the auditor and the Trust | <p>We have been appointed as the Trust's independent external auditors by the Audit Commission, the body responsible for appointing auditors to local public bodies in England, including NHS Trusts.</p> <p>As the Trust's external auditors, we have a broad remit covering financial and governance matters. We target our work on areas which involve significant amounts of public money and on the basis of our assessment of the key risks to the Trust achieving its objectives. It is the responsibility of the Trust to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.</p> |
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| Scope of our work | <p>Our main responsibility as your appointed auditor is to plan and carry out an audit that meets the requirements of the Audit Commission's Code of Audit Practice ("the Code"). Under the Code, we are required to review and report on:</p> <ul style="list-style-type: none">• the Trust's accounts; and• whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness ('value for money') in its use of resources. <p>This letter summarises the significant issues arising from both these areas of work and highlights the key recommendations that we consider should be addressed by the Trust. A list of all reports issued to the Trust in relation to the 2010/11 audit is provided in Appendix 1.</p> |
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2. Audit of the financial statements

We issued an unqualified opinion on the Trust's accounts on 8 June 2011 in advance of the deadline set by the Department of Health. Our opinion confirms that the accounts gave a true and fair view of the Trust's financial affairs and of the income and expenditure recorded by the Trust during the year.

Please refer to Appendix 3 for a summary of recommendations made as a result of our work in relation to the financial statements for the year ending 31 March 2011. We have set out below the key findings from our audit:

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| Recorded audit adjustments | We identified no significant misstatements in the financial statements for the year ended 31 March 2011. |
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| Disclosure deficiencies | Auditing standards require us to highlight significant disclosure deficiencies to enable Audit Committees to evaluate the impact of those matters on the financial statements. No significant disclosure deficiencies were noted during our audit. |
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| Financial standing | <p>NHS Trusts have a number of key statutory financial duties (summarised below), all of which the Trust met:</p> <ul style="list-style-type: none"> • Breakeven on income and expenditure <ul style="list-style-type: none"> - The Trust achieved a surplus (after adjusting for impairment) of £8,617k - Target met • Keep within the capital resource limit (CRL) of £28,250k <ul style="list-style-type: none"> - The Trust recorded an under-spend against the CRL of £517k - Target met • Remain within the external financing limit (EFL) of £15,417k <ul style="list-style-type: none"> - The Trust recorded an undershoot against the EFL of £24,303k - Target met <p>The 2011/12 draft finance plan presents a balanced budget for the year. We recommend that the Trust continues to monitor progress against its cost improvement plan and takes action to identify any additional savings that may be required.</p> |
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| Other significant audit findings | <p>Before we give our opinion on the accounts, we are required to report to the Trust's Audit Committee significant matters arising from the audit.</p> <p>There were no significant year end accounting issues, however we made some control observations that were presented in a detailed report to the Trust's Audit Committee on 8 June 2011. The significant control observations are summarised in Appendix 3.</p> <p>We performed the audit in line with our audit plan which was issued on 13 October 2010. The audit plan highlighted the following key risk areas :</p> <p>Revenue recognition – risk around recognition of fourth quarter over performance figures, as at the time of drafting the accounts and performing the audit, PCTs will not necessarily have agreed the over performance figures for that period.</p> <p>Capital accounting - with such a large capital development programme underway, capital accounting remains a key risk for the Trust until completion.</p> <p>Private patient income and debt provisioning - there is a large value of private patient debt. Historically there has been a proportion of debt with overseas embassies which tend to be slow to pay and hence provisioning is a key risk.</p> <p>Agreement of inter NHS balances and related provisioning - audit adjustments have been common across the NHS. Management judgement is required in determining the level of provisions put in place against these receivables.</p> <p>We performed specific tailored procedures in relation to these key risk areas in addition to our testing on the rest of the financial statements. We reported the results of this work to the Audit Committee in a timely manner with no significant issues arising.</p> |
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3. Value for money conclusion

Value for money conclusion

Under the Audit Commission's Code of Audit Practice we are required to provide a value for money ("VfM") conclusion on the Trust's arrangements in place for securing economy, effectiveness and efficiency. From 2010/11 we are required to base our statutory VfM conclusion on two criteria specified by the Audit Commission:

- the organisation has proper arrangements in place for challenging how it secures economy, efficiency and effectiveness; and
- the organisation has proper arrangements in place for securing financial resilience.

Economy, efficiency and effectiveness value for money review update

There were a number of activities that contributed to us reaching this assessment. These were as follows;

- Risk Based Performance Audit
- Review of regulatory reports
- Quality Accounts (Dry-Run External Assurance)

We agreed a programme of reviews with the Trust at the beginning of the year in order to inform our VfM conclusion and these were delivered as agreed. The findings of these reviews would contribute to our reporting on the arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources. We completed our work on three reviews:

- Community Services Governance Arrangements;
- Performance Management Arrangements; and
- Payments and Procurement Processes.

Our overall conclusion on all reviews was that arrangements in these were reasonably good with a few areas where arrangements needed to be strengthened, but there were no significant risks.

We reviewed regulatory reports from the Care Quality Commission, which did not require us to take any further action.

We undertook a review of the Trust's 2010/11 Quality Accounts to provide external assurance and no significant issues were identified at the time of issuing our value for money opinion.

Financial resilience findings

The work we are required to perform to inform our conclusion on the 'securing financial resilience' criterion is considered in terms of 3 'characteristics of proper arrangements for securing financial resilience': financial governance; financial planning; and financial control.

It is a statutory requirement for NHS Trusts to breakeven.

"The NHS trust is projecting that it will break even in 2011/12. The Board has assured itself that the projection and supporting plans are supported by detailed and robust financial modelling akin to that required by a Foundation Trust."

We performed procedures in respect of financial resilience in accordance with the Audit Commission guidance. At the date of signing our opinion on the financial statements our overall conclusion from undertaking the financial resilience review was that at a Trust level the organisation appears to have proper arrangements in place for securing financial resilience.

4. Quality Accounts

Scope of our procedures

Under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010, providers of NHS care were required to prepare and publish Quality Accounts for each financial year from 2009/10.

Under section 5(1)(e) of the Audit Commission Act 1998, for 2010/11, auditors' work on NHS Trust Quality Accounts included:

- a review of the NHS trust's arrangements for satisfying itself that the Quality Accounts were fairly stated, and in accordance with relevant requirements;
- testing of two performance indicators included in the Quality Accounts;
- providing a report on findings and recommendations to the NHS Trust's management team before 30 June 2011, to allow the NHS Trust to address any significant issues identified during the review for the final Quality Accounts; and
- providing a copy of the report to the Audit Commission by 22 July 2011.

We have completed our responsibilities in respect of the Quality Accounts for the year to 2010/11.

Results of our procedures

Arrangements review

We based our procedures on the Quality Account 2010/11 as at 31 May 2011, which we have been informed was approved by the Trust Board on 25 May 2011. Our review of the arrangements to produce the Quality Account found that the Trust has in place a corporate framework for the management and accountability for its quality account and that the production of the quality account is part of the Trust's overall approach to quality improvement and outcome development.

We found that whilst the Trust has some systems and processes in place for ensuring that data quality underpins the production of information, there are areas for improvement. The Trust has engaged with key stakeholders, including patients and staff but recognises that this can be improved. Although the quality account includes positive information on performance it also identifies areas where the Trust acknowledges progress needs to be made.

We have a number of recommendations for improvement which have been summarised in Appendix 3.

Performance indicator testing

We agreed with the Trust that the mandated performance indicator of maximum waiting time of 62 days from urgent GP referral of first treatment for all cancers was not applicable to the Trust as this is not reported on within the 2010/11 Quality Account. Therefore, we agreed to test the Cardiac Surgical Site Infection ("SSI") indicator as an alternative. We have undertaken detailed testing of MRSA bacteraemia and Cardiac Surgical Site Infections. Our key findings were:

- There were three cases of MRSA bacteraemia although two cases were not attributable to the Trust. We found no errors.
- There were 48 Cardiac Surgical Site Infections during the year. We found one spreadsheet input error relating to the year.

We have a number of recommendations which we have summarised in Appendix 3.

5. Other work performed

We were appointed by the Audit Commission to carry out the audit of the data quality of 2009/10 Reference Cost submissions (Reference costs review) at Great Ormond Street Hospital for Children NHS Trust. This work was part of the Audit Commission's PbR Data Assurance Framework. The work entailed:

- reviewing and assessing organisational arrangements for ensuring the accuracy of submissions;
- using comparative analysis and reconciling data to other sources to identify potential local anomalies which are used to target and focus the audit of cost and activity data; and
- reviewing the processes of allocation of costs to activity data by using comparative analysis of unit costs and reviewing adherence with the NHS Costing Manual.

Results of our procedures

Based on our review, we were able to conclude that the Trust's 2009/10 reference cost submission appeared accurate. Recommendations from our review have been documented in appendix 3.

6. Closing remarks

We have discussed this letter with the Chief Finance Officer.

We would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit. Our aim is to deliver a high standard of audit which makes a positive and practical contribution which supports the Trust's own agenda. We recognise the value of your co-operation and support.

We view this report as part of our service to you for use as Directors of Great Ormond Street Hospital NHS Trust for Corporate Governance purposes and it is to you alone that we owe a responsibility for its contents.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national use of resources study data and methodology as they are derived solely from the Audit Commission.

It is the responsibility of audited bodies to maintain adequate and effective financial systems and to arrange for a system of internal controls over the financial systems. Auditors should evaluate significant financial systems and the associated internal controls and, in doing so, be alert to the possibility of fraud and irregularities. Our findings are based upon an assessment of the design of controls at the time of review. We did not necessarily review the operation of controls throughout the financial year.

Deloitte LLP

Chartered Accountants

31 October 2011

Appendix 1: Reports issued in relation to the 2010/11 audit

| Report | Audit Committee date |
|--|----------------------|
| Audit Plan | 13 October 2010 |
| Procurement and Payments Processes | 19 January 2011 |
| Performance Management Arrangements | 19 January 2011 |
| Community Services Governance Arrangements | 27 April 2011 |
| Report to the Audit Committee on the 2010/11 audit | 8 June 2011 |
| Quality Accounts External Assurance Report 2011 | 8 June 2011 |
| Annual Audit Letter | 31 October 2011 |

Appendix 2: Analysis of professional fees

The professional fees earned by Deloitte in the period 1 April 2010 to 31 March 2011 are as follows:

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Fees payable to the Trust's auditors for the audit of the Trust's annual accounts, value for money conclusion, and value for money reviews. | 93.0 | 93.0 |
| Fees payable to the Trust's auditors for the Quality Accounts work [1] | 15.0 | - |
| Community Services Governance Arrangements | 24.6 | - |
| Procurement and Payments Processes | 24.7 | - |
| Performance Management Arrangements | 24.7 | - |
| Financial Resilience | 11.0 | - |
| Auditor Local Evaluation | - | 15.0 |
| Outsourced Services Review | - | 23.6 |
| Recruitment Services Review | - | 23.6 |
| Total fees for audit services provided to the Trust (excl VAT) | 193.0 | 155.2 |

[1] The scope of our work and fee in relation to Quality Accounts has been communicated to us by the Audit Commission and was new for year ended 31/03/2011.

Appendix 3: Annual summary of recommendations

We have included in the table below the high and medium priority recommendations that have arisen from the financial audit work; quality accounts work and value for money work.

| Finance Recommendations | Priority H – High M – Medium L - Low | Response |
|--|--|---|
| <p>Fixed asset register - additions</p> <p>During our testing of property plant and equipment we observed that many items listed individually on the Fixed Asset Register (“FAR”) represent capitalised costs relating to a larger asset, already listed on the register. This has resulted in values attributable to a single asset being recorded in multiple entries to the FAR. This could lead to difficulties when reviewing the FAR for potential impairment or assessment of remaining useful economic life of a given asset</p> <p>We recommend that capital expenditure relating to existing assets listed on the Fixed Asset Register is consolidated and treated as an addition to that asset.</p> | High | Management accept that the change suggested would be beneficial and will look closely at the feasibility of implementing this recommendation. |
| <p>Fixed asset register – classification of non-operational assets</p> <p>We have observed that £1.4m of non-operational fixed assets have been recorded on the Fixed Asset Register within operational assets categories. These items have not been depreciated during the year. These assets should be disclosed as Assets Under the Construction (“AUC”). This has a nil net impact on the Property, Plant and Equipment balance. However, this has led to a misallocation between AUC and operational categories within the Property, Plant & Equipment note.</p> <p>We recommended that non-operational assets are recorded in the Fixed Asset Register as AUC to ensure that the correct disclosures are made in the year end financial statements.</p> | High | Management acknowledge this recommendation and will consider implementing this recommendation going forward. |

Appendix 3: Annual summary of recommendations (continued)

| Finance Recommendations (Continued) | Priority H – High M – Medium L - Low | Response |
|---|--|---|
| <p>Agreement of inter-NHS balances</p> <p>Our review of the Trust's Agreement of Balances ("AOB") process during 2010/11 identified that a number of errors had been made when submitting the AOB information. Some of these errors were identified by the Trust following their own internal review process. However, one error was only identified following notification from the counter party. Their investigation and correction have taken management time and effort to rectify.</p> <p>We recommend that the Trust reviews the controls in place to review data supporting AOB confirmations. In particular, we recommend that AOB confirmations sent out to PCTs and Trusts are prepared and reviewed by separate individuals. We recommend that the Trust utilises control summary sheets to track all AOB data (currently only used to track AOB data relating to inter-NHS debtors). This will ensure efficient monitoring of dispute resolution.</p> | High | <p>Whilst the AOB exercise went reasonably well, management do agree that improvements to the process and control would be beneficial going forward.</p> <p>Management will therefore implement the segregation of AOB between those preparing the documentation and introduce a reviewing process. They will also look to use the control summary schedules to track AOB data.</p> |
| <p>Investigation of creditor balances</p> <p>During our audit testing we identified a creditor balance of £90,000 provided by the Trust against supplier debits not matched to the purchase ledger. In the prior year, this balance had been investigated and cleared down as part of the year end close process. This process has not been completed in the current year.</p> <p>We recommend that supplier credits are investigated on a timely basis to ensure the accuracy of the purchase ledger and to ensure that the balance does not become cumulatively significant.</p> | Medium | <p>The recommendation is in fact the Trust's normal procedure. On this occasion this was not actioned in line with expectations and the Finance Team will ensure that this occurs on a monthly basis going forward.</p> |
| <p>Resolution of outstanding items on the bank reconciliation</p> <p>During our testing of the year end purchase ledger reconciliation we observed an item which had been on the reconciliation since November 2010. This item was not resolved until the year end.</p> <p>We recommend that all reconciling items are investigated on a timely basis to ensure prompt and efficient resolution of discrepancies and the accuracy of the purchase ledger.</p> | Medium | <p>It is the Trust's normal practice to resolve all issues as part of the reconciliation process on a monthly basis. Whilst only one item had not been dealt with in accordance with process, they will review the monthly process in more detail to ensure total compliance going forward.</p> |

Appendix 3: Annual summary of recommendations (continued)

| Quality Accounts Recommendations | Priority H – High M – Medium L - Low | Response |
|---|--|---|
| Framework for managing data quality We recommend that the Trust consider developing a Data Quality Framework which sets out accountability and responsibility and is supported by a strategic steering group. | Medium | The Data Quality review group is representative of staff groups throughout the Trust and reports to the Information Governance Steering Group. Specific accountability and responsibility for individual data quality items is at present not clearly articulated and a structure to include local data managers where systems are managed locally will be progressed. |
| Data Quality Policy We recommend that the Trust ensure the current Data Quality Policy is updated and reviewed in a timely manner. | High | The Data Quality Policy was reviewed and updated in September 2011 |
| Resolution of Data Quality errors We recommend that the Trust ensure that data quality errors are resolved in a timely manner | High | Data Quality errors are currently communicated to the operational staff on detection. The method of ensuring that timely action is taken to correct these issues is currently under review. A data quality dashboard is currently under development which is aimed at encouraging a 'right first time' culture in addition to ensuring that errors and omissions are addressed and resolved in a timely manner. |

Appendix 3: Annual summary of recommendations (continued)

| Quality Accounts Recommendations (Continued) | Priority H – High M – Medium L - Low | Response |
|---|--|---|
| External Stakeholder Engagement We recommend that the Trust improves engagement throughout the year with external stakeholders | High | The Trust have planned a variety of stakeholder engagement events over the next planning year. |
| Prioritisation and the reduction of improvement initiatives We recommend that the Trust consider prioritising and reducing the number of improvement initiatives for the 2010/12 Quality Account so that progress can be clearly linked year on year. | Medium | The Trust plan to use the engagement events identified above to identify areas for improvement and then develop a robust process for prioritising these areas for improvement to reduce the number of improvement initiatives in next year's Quality Account. |
| Data Quality Checks We recommend that the Trust ensures that data quality checks are introduced post implementation of the new automated database for recording Surgical Site Inspections (SSI). | Medium | The Trust have identified the need to review and monitor systems for capturing clinical data and are considering the potential of using the internal clinical audit team to review the systems and processes that we use on a routine basis |

Appendix 3: Annual summary of recommendations (continued)

| Quality Accounts Recommendations (Continued) | Priority H – High M – Medium L - Low | Response |
|--|--|-----------------|
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| Supporting documentation We recommend that the Trust ensures that all relevant documentation to support the diagnosis and confirmation of an Surgical Site Inspections (SSI) is included within the patient record. | Medium | The development of SSI database will provide automated diagnosis and confirmation of SSI based on the key parameters recorded for each patient. |
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| Reference Costs review Recommendations | Priority H – High M – Medium L - Low | Response |
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| Analysis of market share tools We recommended that the Trust analyses the Audit Commission's market share tools and use them to improve data quality. | Medium | As a low volume tertiary specialist provider the Trust considers that this tool may be of less value than for others but they will consider its use as part of the scope of the paediatric benchmarking project they are participating in during 2011. Their previous analysis of the work around specialist top ups indicates that Reference Costs cannot be appropriately benchmarked unless age and other factors such as complexity of condition in the HRG are reflected. |
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Appendix 3: Annual summary of recommendations (continued)

| Reference Costs review Recommendations (continued) | Priority H – High M – Medium L - Low | Response |
|---|--|--|
| <p>Benchmarking</p> <p>We recommend that the Trust benchmark's outputs from Patient Level Information Costing System (PLICS) against outputs from other PLICS providers. In particular, the Trust should look to benchmark its PLICS outputs with other specialist paediatric providers.</p> | Medium | <p>The Trust completed a benchmarking review with other paediatric Trusts in July 2011 which informed the reasons for differences in costs. Further work is being undertaken jointly with the other paediatric Trusts during 2011/12 although it is primarily aimed at informing the development of specialist tariffs .</p> |
| <p>Reconciliation of Inpatient data</p> <p>Reconcile inpatient reference cost activity to Hospital Episode Statistics (HES) at the treatment function level.</p> | Medium | <p>HES activity has been recorded at the level of Paediatric treatment function code from the start of 2010/11 and the reconciliation will not be an issue in future.</p> |
| <p>Unbundling audiology activity</p> <p>We recommend that the Trust complete the work on unbundling Audiology activity within the current financial year.</p> | Medium | <p>Audiology activity and costs will be unbundled in 2011 and reflected in the 2010/11 reference costs submission. Direct Audiology costs represent 0.94% of the total quantum of reference costs.</p> |

Appendix 3: Annual summary of recommendations (continued)

| Community Services Governance Review Recommendations | Priority H – High M – Medium L - Low | Response |
|--|---|---|
| Management Meetings Ensure all future new Clinical Units are regularly represented at the Management Board meetings. | Medium | This will be addressed as it arises for <u>all</u> new units e.g. we have just strengthened R&D representation |
| Management Support Ensure all new Clinical Units are adequately supported to develop and monitor their annual plans and are able to take corrective action where necessary. | Medium | This will be addressed as it arises for <u>all</u> new units e.g. we have just strengthened R&D representation |
| Risk Management Determine whether all new Clinical Units understand and have implemented the Trust risk management strategy with appropriately working structures. | Medium | Agreed |
| Clinical Governance Ensure clear guidance and support is available to embed Trust-wide clinical governance arrangements within all Clinical Units, particularly when taking on new services. | Medium | Agreed |
| Governance Ensure that all groups responsible for governance understand what tasks and actions are required to deliver effective governance arrangements. | Medium | Agreed This will be discussed at the Risk, Assurance and Compliance group |
| Management Support Ensure all new Clinical Units are adequately supported to develop and monitor their annual plans and are able to take corrective action where necessary. | Medium | This will be addressed as it arises for <u>all</u> new units e.g. we have just strengthened R&D representation |

Appendix 3: Annual summary of recommendations (continued)

| Performance Management Arrangements Review Recommendations | Priority H – High M – Medium L - Low | Response |
|---|--|---|
| Key Performance Indicators (KPI) Analysis Consider widening the level of analysis included within the KPI report to include exception reporting for all ‘Amber’ KPIs. | Medium | The content of the KPI report is under continuing review and will be considered as part of the review of information by the Board. |
| Key Performance Indicator (KPI) Commentary Include a brief commentary on all indicators and performance graphs included within the KPI reports, to assist the understanding of key messages and context and ensure that all those performance indicators maintain a clear link to the KPIs. | Medium | The commentary is currently carried out by exception and targets or trends included as appropriate to facilitate easy understanding of the graphs. Consideration will be given to focussing on specific indicators as Board meetings (as has already been started) to ensure the graphs are understood and in the future speak for themselves. |
| Integrated Reports Seek to develop a more integrated financial and performance report or introduce a level of analysis that would underline the connection between clinical and financial performance. | Medium | This is under active consideration. |
| Assurance Review the Performance Management Strategy to clarify the separate roles of the Performance Management framework and the Assurance Framework in giving assurance on the performance management of the Trust. | Medium | Action will depend on discussion at the Risk Assurance and Compliance Group |

Appendix 3: Annual summary of recommendations (continued)

| Performance Management Arrangements Review Recommendations (continued) | Priority H – High M – Medium L - Low | Response |
|--|--|--|
| Management Support Ensure that training, management and support is available to allow all clinical managers to utilise management information effectively to enhance the levels of assurance received. | Medium | Financial support is available to clinical managers through the finance management structure and training is provided on the use of management accounts, Other briefs have been provided at specialty lead meetings during 2011 |
| Performance Dashboard Consider the development of an accessible and user-friendly performance management dashboard system integrating both financial, performance and safety information. | Medium | A dashboard is currently being evolved. |
| Governance Frameworks Ensure that all clinical units to have in place their own governance frameworks, which reflect the corporate performance management framework, and that these should be actively applied in the management of the sub-specialities. | Medium | The framework is in place, unit by unit reports are available in some cases and more will be developed over time. |
| Assurance Ensure that the Trust Board, Management Board and the Clinical Unit Boards receive systematic and regular assurance on the quality of data underpinning management reports, data quality indicators and prioritised actions to address any absence of assurance. | High | This is under consideration. As yet no good practice examples have been found of where this has been done by other organisations. Workstreams on data quality are being progressed through the data quality group and as a first step the Audit Committee was updated on scope of data quality actions relevant to the data in management reports in October 2011. |

Appendix 3: Annual summary of recommendations (continued)

| Payment and Procurement Processes Review Recommendations | Priority H – High M – Medium L - Low | Response |
|--|--|--|
| Invoice Delivery Contact all suppliers used during the last 12 months to re-iterate the correct process for sending invoices to the Trust. | High | Agreed |
| Procedures Implement a clear procedure/policy for data input supported by regular data quality checking to ensure that the source data used for the calculation against the Public Sector Payment Policy (PSPP) is accurate. | High | This already forms part of our plans for the go live of data capture and FPM |
| Performance Targets Clarify performance targets for the key processes within the Accounts Payable team and monitor performance against the targets regularly, including workload allocation, taking action to improve performance where necessary. | High | This already forms part of our plans for the go live of data capture and FPM |
| Streamlining Processes Investigate ways to streamline current processes for checking test results against invoices to improve timeliness of authorisation. | Medium | The problem is not just time but problems with the invoicing by other hospitals where GOSH is charged for non-GOSH patients and multiple tests are received on invoices for patients tested over a period of time. The trust will liaise with providers to see if changes and improvements can be made, but there isn't an obvious solution. |

Appendix 3: Annual summary of recommendations (continued)

| Payment and Procurement Processes Review Recommendations (continued) | Priority H – High M – Medium L - Low | Response |
|---|--|---|
| Chasing Mechanisms Implement mechanism to chase invoices which have not yet been authorised by departments to improve performance against the PSPP target. | High | As described previously, this will be implemented as part of FP and data capture implementation |
| Process Duplication Identify the reasons for process duplication between departments and the Accounts Payable team and develop solutions to resolve the problem. | High | Access by units to FPM will mean that they will see all non POP invoices (orders processed using e-procurement) to authorise – this should result in a reduction in this practice, which isn't necessarily driven by problems with AP |
| Payment Runs Develop systems to manage the timings of the payments runs proactively to maximise performance against the Public Sector Payment Policy target. | High | This already forms part of the plans for the team following completion of the restructuring when we will be including KPIs and standardisation of processes. |
| Monitoring Performance Develop a structured approach to improving current performance against the PSPP target and consider the financial consequences of actions taken. | High | This already forms part of the plans for the team following completion of the restructuring when we will be including KPIs and standardisation of processes. |

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