



## Structured Assessments of NHS Organisations

### Background

1. The Auditor General for Wales (AGW) has a statutory requirement to satisfy him / herself that NHS bodies have proper arrangements in place to secure efficiency, effectiveness and economy in the use of their resources.
2. To help the AGW discharge this responsibility, auditors have included a piece of work called a *Structured Assessment* in the audit strategies for Health Boards and Trusts. The Structured Assessment does not represent any radically new approach. Instead it is an evolution of the work that auditors previously undertook to enable the AGW to draw a 'Value for Money Conclusion' for each NHS body.
3. The Structured Assessment approach fulfills the need to develop the VFM conclusion work to take account of the organisational and governance challenges posed by the NHS reforms, as well as the current financial climate, and the Assembly Government's response in the form of the 5 year strategic framework.

### Approach and timing

4. The first year of the Structured Assessment is developmental and focused very much on helping NHS bodies develop "firm foundations" following the NHS reforms, and providing an organisational "health check" in the context of the five year framework.
5. This year the substantive work will take place between August and November and will involve examinations of the following three areas:
  - Managing Finances;
  - Governing the Business; and
  - Use of Resources.
6. Auditors will apply a standardised question hierarchy in each of these areas. More information on the questions that auditors will be asking is provided later in this document. The questions will be high level and relatively generic such that they will apply to all NHS bodies. However, where appropriate, audit questions will be tailored to reflect unique features of individual NHS bodies.



7. To help answer the questions, auditors will be reviewing a range of performance data for each NHS body. Importantly this will give auditors the ability to examine how the NHS bodies' arrangements are driving improvements in performance and securing efficiencies. The WAO will be collecting as much of this information as possible from central sources to avoid any significant data collection burdens on the service.

### Focus of the work

8. Auditors will undertake work which will seek to answer the following overall question:  
*Does the NHS body have the necessary arrangements to ensure that its resources are used efficiently, effectively and economically, and in a way which results in sustainable service improvements?*
9. As mentioned earlier, the structured assessments will comprise a number of themes as set out below:



10. Further information on the areas for examination in each of these themes is shown in the following tables.



<b>Managing finances</b>	
Does the NHS body plan and manage its finances well?	Is there evidence of sound financial planning?
	Is there evidence that performance against budgets and financial targets is adequately managed?
	Is the NHS body spending within its available resources?
	Are cost savings programmes being effectively managed?

  

<b>Governing the business</b>	
Does the NHS body have sound arrangements in place to govern itself?	Are approaches to set and review strategic and operational objectives well developed?
	Does the organisational structure which has been put in place support delivery of the strategic objectives?
	Does the organisation have an effective Board and clear schemes of delegation?
	Does the NHS organisation have an internal control environment that provides the necessary assurances and helps it manage risks?
	Is there a sound information governance framework in place?
	Has the NHS organisation put proper arrangements in place for monitoring and reviewing its performance?
	Does the NHS organisation have proper arrangements in place to promote and ensure probity and propriety in the conduct of its business?

  

<b>Managing resources</b>	
Are key enablers of efficient, effective and economical use resources being appropriately managed?	Does the NHS body have a sound approach to workforce planning which supports the delivery of its strategic objectives and helps achieve value for money?
	Is there evidence that the NHS body is managing its asset base efficiently, effectively and economically?
	Does the NHS body have well developed procurement arrangements that support the delivery of financial and service efficiencies?
	Does the NHS body have an effective approach to partnership working which supports the delivery of desired outcomes for patients and communities?
	Has the NHS body put proper arrangements in place to engage with the community and to ensure that services meet the needs of patients and taxpayers?



## Reporting our findings

11. The results of the Structured Assessment will be reported to the NHS body through the normal performance audit reporting channels. We will also look to agree mechanisms where auditors can provide more informal feedback to Executives as the work progresses, particularly where problems or concerns are emerging.
12. The Structured Assessment findings will also be summarised in the NHS body's Annual Audit Letter. The existing format of this document is likely to change to accommodate this, however, the way in which it is discussed and agreed with the NHS body will remain the same. The practice of making Annual Audit Letters available publically via our website will also continue.
13. The results of the Structured Assessment will also be used to inform the priorities for audit work that will be included next year's audit strategy, which will be finalised immediately after the Structured Assessments have finished. This approach will help us meet our aims of ensuring that external audit work is proportionate and targeted to the right areas. The content of audit strategies will also be informed by representations made to the AGW in response to our consultation on future study topics earlier this year.

## Looking ahead

14. The approach in year 1 is seen as developmental and we will pause in November to consider how it needs to be developed for subsequent years. The WAO will be seeking the views of the service and the Assembly Government to inform this thinking. Consideration will be given to how the approach needs to be further aligned to the five year framework and the associated high value opportunities, and how patient outcomes and experiences can be used to inform our judgements.

## Working with other inspectorates

15. The WAO continues to work closely with Healthcare Inspectorate Wales (HIW) and both organisations are committed to align our annual assessment processes and move to more co-ordinated and collaborative reporting arrangements in the future. We are also working closely with HIW and others to develop the framework for the Accountability and Governance module of the new healthcare standards. As part of this



work we will be exploring whether the questions we need to ask as part of the Structured Assessment can be incorporated into the self assessment processes that will be developed for the new healthcare standards.

## Wales Audit Office contacts

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**Wales Audit Office**  
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