



HEALTHCARE

Annual Audit Letter 2008-09

Bolton PCT

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AUDIT

Content

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This report is addressed to the PCT and has been prepared for the sole use of the PCT. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Kevin Wharton who is the engagement lead to the PCT or Trevor Rees, the national contact partner for all of KPMG's work with the Audit Commission. After this, if you still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure.

You can contact the Complaints Unit by: Phone: 0844 798 3131 [Local rate call] Email: complaints@audit-commission.gov.uk Website: www.audit-commission.gov.uk/aboutus/contactus

Textphone (minicom): 020 7630 042 Post: Complaints Unit Manager, Audit Commission
Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR.



Executive Summary

Purpose

This Annual Audit Letter (the letter) summarises the key issues arising from our 2008-09 audit at Bolton PCT (the PCT). Although this letter is addressed to the directors of the PCT, it is also intended to communicate these issues to key external stakeholders, including members of the public. The letter will also be published on the Audit Commission website at www.audit-commission.gov.uk. It is the responsibility of the PCT to publish the letter on the PCT website at www.bolton.nhs.uk. In the letter we highlight areas of good performance and also provide recommendations to help you improve performance. A summary of our key recommendations is summarised in Appendix 1. We have reported all the issues in this letter to you throughout the year and a list of all reports we have issued is provided in Appendix 2.

Scope of our audit

The statutory responsibilities and powers of appointed auditors are set out in the Audit Commission Act 1998. Our main responsibility is to carry out an audit that meets the requirements of the Audit Commission's *Code of Audit Practice* (the *Code*) which requires us to review and report on your:

- *use of resources* - that is whether you have made proper arrangements for securing economy, efficiency and effectiveness ('value for money') in your use of resources. Our work in this area is summarised in section 2;
- *accounts* - that is the Financial Statements and the Statement on Internal Control. This work is summarised in section 3.

Key Messages

The key areas which we draw to your attention to are:

- The PCT delivered its targeted financial position in 2008/09 delivering an in year surplus of £992,000. During the year the PCT took action to address a potential shortfall caused by over performance by its main providers.
- The Use of Resources (UoR) assessment replaced the Auditors Local Evaluation (ALE) in 2008/09. This assessment analyses your performance against three themes, scored from one to four, where four is the highest. The assessment is more demanding than the previous ALE assessment with the Key Lines of Enquiry (KLOEs) looking at wider issues such as workforce planning. The assessment also focuses on value for money achievements and outcomes for local people rather than just processes.
- The PCT has been assessed as operating at a level 3 across the three Use of Resources themes, this means that the PCT is performing well. The PCT has provided evidence about how it has managed resources across their whole business, worked in partnership across the local economy and given examples of significant areas of resource reallocation/disinvestment/savings. The PCT has demonstrated how it has a sustained focus on priorities and demonstrated the achievement of improvements to priorities.
- The PCT has been proactive in preparing for the NHS accounts conversion to International Financial Reporting Standards (IFRS) in 2009/10. Our work on the restated 2008/09 financial statements is drawing to a close and will be reported to you once finalised.
- The PCT agreed its Quality Strategy in 2008. The strategy outlines the PCT's priorities for improvement over the next three years. It is clear that the PCT is committed to transformational change and continuous improvement. Overall the PCT has an effective strategy development process and has made significant developments across a number of areas. To continue building upon and be able to sustain developments at a fast pace the PCT should strengthen its implementation plans and operational management of the Quality Strategy
- We issued unqualified audit opinions on the PCT's financial statements and on its value for money conclusion in 2008/09.

Executive Summary (continued)

Future Issues

- The PCT is forecasting a surplus of £1m for 2009/10 but to achieve this it will need to deliver an extremely challenging Cost Improvement Programme (CIP) of £13.9m. Although the PCT has taken action to reduce its costs there are significant risks to achievement of this year end target. At the end of August 2009 the Director of Finance reported a shortfall on the CIP target of £5.0m which needs to be managed to ensure overall delivery of the financial target in 2009/10.
- Public expenditure forecasts will lead to significant pressure on NHS funding which the PCT will have to manage with its providers and deliver real efficiency and productivity improvements. Whilst the greater pressure will be 2011/12 onwards, Bolton will have a real pressure in 2010/11 and is preparing now for the financial challenges ahead.
- Financial results for 2009/10 will be reported using IFRS. The PCT is required to re-state its 2008/09 financial statements into IFRS and then produce its 2009/10 accounts in IFRS during the early summer of 2010.
- Although the PCT has performed relatively well in the World Class Commissioning (WCC) assessment there remain a number of significant challenges for the PCT to address. We can see that the PCT is making good progress in implementing the WCC recommendations. Improving performance in health outcomes from WCC should generate significant savings that will be essential for meeting the financial pressures.
- The Director of Commissioning post is currently vacant and the new Director is not due to start at the Trust until later in the year. This is a risk area for the PCT. The Board will need to ensure that it maintains momentum on delivering key Department of Health initiatives where Director of Commissioning input is vital such as World Class Commissioning and Transforming Community Services.
- Through Saving Carbon, Improving Health the NHS is aiming to reduce carbon emissions by 10% by 2015. All NHS bodies are going to be monitored and measured on their performance in reducing emission. There are huge opportunities in addressing sustainability with clear cost reduction opportunities from saving energy which will become more and more significant over time. There are also opportunities to use the sustainability agenda to support the achievement of business challenges.
- The Treasury is developing guidance for 2010-2011 which will require all NHS bodies to report publicly on sustainability performance in annual reports. The reported information will be subject to audit and scrutiny. Sustainability reporting will be difficult to implement and many organisations will need to act now to implement new information gathering processes.
- The Provider Arm has made significant progress in developing the governance arrangements to deliver Transforming Community Services (TCS) in recent months. In particular, the PCT has now drafted a Memorandum of Understanding. There are still some areas which need to be resolved to complete the separation of the Provider Arm, such as the development of robust Service Level Agreements for internal support services. However, we recognise that both the SHA and national agenda has decreased its focus on formal separation and is concentrating more on the delivery of transformation. The DH has now issued six transformational guides on each of the six TCS workstreams. The priority for the PCT over the next 12 months is to demonstrate improved quality and outcomes from community services. This will require a strong commissioning strategy for community services which has close links with the World Class Commissioning Agenda.

Fees

Our audit fee for 2008/09 was £153,000 excluding VAT (2007/08: £129,000). This includes £13,000 for the review of the PCT's arrangements for converting the opening balance sheet at 1 April 2008 to IFRS, in line with Audit Commission guidance. These fees were above those highlighted within our audit plan but were communicated to the Audit Committee as soon as the guidance was issued.

In addition we have also provided the following non-audit services to the PCT:

- Support for the IFRS restatement - £14,000
- Support for the development of an autonomous provider arm - £14,000

Section two

Use of resources

The main elements of our use of resources work are:

- *Use of Resources (UofR)* – we assess how Bolton PCT is managing and using its resources to deliver value for money and better and sustainable outcomes for local people. The assessment comprises three themes which focus on: sound and strategic financial management; strategic commissioning and good governance; and the management of natural resources, assets and people.
- *Value for money conclusion* –we issue a conclusion on whether we are satisfied that you have put in place proper arrangements for securing economy, efficiency and effectiveness in your use of resources. This is based on the UofR assessment and on the local reviews carried out.
- *Specific risk based work* – we carry out specific reviews of issues facing you, based on a risk assessment. This year we undertook a review of the Implementation of the Quality Strategy.
- The findings from this work are summarised below.

| Element of work | Key findings | | | | | | | | |
|----------------------------|---|------|-------------|-----------------------|---|----------------------------|---|------------------------|---|
| Use of Resources | <p>From 2008/09, the Audit Commission introduced a new use of resources (UoR) assessment framework which forms part of the Comprehensive Area Assessment (CAA). This replaced the former Auditors Local Evaluation (ALE) assessment.</p> <p>Our assessment of Bolton PCT against the three specified areas resulted in the following scores on a scale of one (inadequate) to four (performing strongly):</p> <table border="1" data-bbox="308 943 1275 1167"> <thead> <tr> <th>KLOE</th> <th>Theme Score</th> </tr> </thead> <tbody> <tr> <td>1 – Managing finances</td> <td>3</td> </tr> <tr> <td>2 – Governing the business</td> <td>3</td> </tr> <tr> <td>3 – Managing resources</td> <td>3</td> </tr> </tbody> </table> <p>The Audit Commission recognises that the new UofR assessment framework is more demanding than the previous ALE assessment. It is broader in scope, embraces wider resource issues and places more emphasis on considering outcomes for local people and VFM achievements rather than on process.</p> <p>Overall the PCT has been assessed at operating at level 3 across the three themes, this means that the PCT is performing well. Particular points of interest are as follows:</p> <ul style="list-style-type: none"> ● The PCT had achieved 69 out of their 71 Manifesto promises by the end of 2008/09. There is evidence that investments have led to improved outcomes for local people in priority areas. For example the life expectancy gap in Bolton has been reduced by 2 years. ● Local engagement is extensive. Partnership initiatives have led to improved outcomes in LAA priority areas. For example an increase in number of people in the local population who have given up smoking and reduced alcohol related admissions. ● The PCT is working with the Council and University to develop a joint funding of new health, leisure and research centre which will deliver urgent care diagnostic and treatment centres and help deliver improved health aimed at priorities within Local Area Agreements and the Commissioning Strategic Plan, e.g. childhood obesity, CVD. ● The PCT has invested in a new finance model which gives real time information, immediate scenario planning and is fully accessible to all budget holders. The budget system is also accessible and includes flexible reporting tools. Budget reports can be tailored to the budget holders needs.. ● The PCT practiced faster closure in M6 and M9 and had a detailed close down plan in place for year end. The PCT responded well to the issues surrounding faster closure by producing methodologies and robust working papers in relation to primary and secondary healthcare estimates. | KLOE | Theme Score | 1 – Managing finances | 3 | 2 – Governing the business | 3 | 3 – Managing resources | 3 |
| KLOE | Theme Score | | | | | | | | |
| 1 – Managing finances | 3 | | | | | | | | |
| 2 – Governing the business | 3 | | | | | | | | |
| 3 – Managing resources | 3 | | | | | | | | |

Use of resources (continued)

| Element of work | Key findings |
|--|---|
| | <p>The PCT will not be allocated an overall score for 2008-09, but the scores for the financial management theme will be included in the Care Quality Commission’s annual health check.</p> <p>Going forward the PCT will need to ensure that they continue to demonstrate outcomes to maintain a level 3 under the headings of ‘Managing Finance’, ‘Governing the Business’ and ‘Managing Resources’. To achieve a level 4, the PCT will need to demonstrate performance that goes well beyond minimum requirements and the reasonable expectations of patients and the public. The PCT will need to demonstrate that they are a leader in this aspect of performance through innovative ideas and projects that deliver real results.</p> |
| <p>Value for money conclusion</p> | <p>We issued an unqualified value for money conclusion for 2008/09. This means that we are satisfied that you put in place proper arrangements for securing economy, efficiency and effectiveness in your use of resources.</p> |
| <p>Specific risk based work</p> | <p>During the year we issued a report on the Implementation of the Quality Strategy. The PCT agreed its Quality Strategy in 2008. The strategy outlines the PCT’s priorities for improvement over the next three years. It is clear that the PCT is committed to transformational change and continuous improvement.</p> <p>Overall the PCT has an effective strategy development process and has made significant developments across a number of areas.</p> <p>To continue building upon and be able to sustain developments at a fast pace the PCT should strengthen its implementation plans and operational management of the quality strategy.</p> <p>To address the key areas for development, the PCT now needs to:</p> <ul style="list-style-type: none"> ● Undertake a review and refresh of the strategy to assess whether the improvement priorities and actions identified remain relevant for 2009/10. As part of this, key links should be made with the delivery of corporate aims and a suite of outcome based measures and targets should be developed to underpin each priority. ● Update the action plan for 2009/10. ● Strengthen performance reporting arrangements to focus on the achievement of performance targets and not just progress against timescales. |

All recommendations arising from this work have already been communicated to you. A summary of the most significant recommendations, along with the PCT management’s response, is provided at Appendix 1.

The Audit Commission is a signatory to the concordat between bodies inspecting, regulating and auditing healthcare. We will provide an annual update of progress against all recommendations arising from our use of resources work to the Audit Committee.

Financial statements

Audit opinion

We issued an unqualified opinion on your accounts on 10 June 2009. This means that we believe the accounts give a true and fair view of the financial affairs of the PCT and of the income and expenditure recorded during the year. We have also confirmed that you have complied with the Department of Health requirements in the preparation of your Statement on Internal Control.

Before we give our opinion on the accounts, we are required to report to your Board any significant matters identified. We did this in our report to the Audit Committee meeting on the 9 June and the key issues are summarised here.

Accounts production and adjustments to the accounts

- We received a complete set of draft accounts ahead of the Department of Health deadline supported by good quality working papers.
- Our testing identified one issue which had a material effect on the financial statements. Guidance from the Department of Health issued on 15 April 2009 suggested that negative indexation should be applied to land and buildings in 2008/09 to reflect the economic downturn. The PCT considered this guidance but concluded it did not need to apply negative indexation as the impact was not material. However, we found that the PCT had not used the correct indices and as a result had materially understated the impact on its fixed assets.
- There were two corrected audit differences and three audit adjustments which management decided to correct. The adjustments resulted in a reduction of £3.4m in asset values.

Other issues raised for the attention of the Audit Committee included the following:

- As part of the original brief for the Brightmet Health Centre, the PCT agreed that three GP practices could be included in the new facility. The PCT agreed to buy the existing premises, Dunstan Medical Centre, from one practice for £500,000. It then impaired the asset by £200,000 in line with an independent valuation.

We obtained a Board representation in two areas to confirm:

- The Board has taken appropriate steps to safeguard public money and has satisfied itself about the legality, probity and value for money in taking the decision to purchase the Dunstan Medical Centre at a cost in excess of the recoverable amount.
- Land and building asset values are recoverable

Financial Standing

NHS bodies are given financial targets every year. One of these, the breakeven duty, is statutory, which means you **must** achieve it. The others are administrative, which means you **should** achieve them. Your performance against the targets is outlined below:

| Target name | What it means | Your performance |
|-------------------------------|--|--|
| Operational Financial Balance | Keeping expenditure payable for the year within the revenue resources allocated to you. | ✓ You reported a surplus of £992,000 |
| Cash Limit | Keeping the requirement for cash financing within a limit set by the Strategic Health Authority. | ✓ You remained within the cash limit |
| Capital Resource Limit | Keeping net capital expenditure within a limit set by the Strategic Health Authority | ✓ You remained within the CRL by £4,000. |
| Provider Full Cost Recovery | Recovering full costs in relation to your provider function. | ✓ Provider activities produced a break even position. |
| Better Payment Practice Code | Paying at least 95% of creditors within 30 days of receiving an invoice from them | ✓ You reported paying 97% of non-NHS and 96% of NHS creditors within 30 days by volume and 97% of non-NHS and 99% of NHS creditors by value. |

Financial statements (continued)

International Financial Reporting Standards (IFRS)

The PCT has completed work on the balance sheet to quantify the impact of IFRS. The PCT has been proactive in discussing any material issues identified as part of this process with us. We have reported on this work in our review on the IFRS opening balance sheet at 1 April 2008. We concluded that adequate arrangements are in place to provide correct balance sheet restatements. We also reviewed a number of high risk areas such as leases in order to provide the PCT with assurance that they were accounting for them appropriately.

We have also carried out a review of the IFRS restatement of the 2008/09 financial statements in line with Department of Health guidance. The Audit Commission issued late guidance in respect of accounting for legal charges on properties. In common with many PCTs, Bolton PCT is in the process of completing its review of these arrangements and our work is ongoing in this area. We will continue discussions with management and will revisit the accounting entries for legal charges as part of the 2009/10 financial statements audit.

Future challenges

The PCT is forecasting a surplus of £1m for 2009/10 but to achieve this it will need to deliver a Cost Improvement Programme (CIP) of £13.9m. A detailed CIP has been developed and the PCT Board is receiving regular updates on progress. The plan covers corporate costs (both pay and non pay), commissioning, decommissioning and prescribing savings.

As at the end of August, the PCT has achieved £4.3m of the CIP. There is a high level of risk around the delivery of the CIP with schemes totalling £9.4m (68%) remaining in the high risk category. After taking account of slippage of commitments of £4.6m, the PCT has a residual risk of £5m which needs to be managed to ensure overall delivery of their financial targets in 2009/10. The PCT are currently undertaking a review of all budgets as they stand to identify further savings.

In addition to this the current economic climate could lead to further reductions in NHS funding. The PCT will have to manage this significant pressure with its commissioners and continue to deliver real efficiency and productivity improvements.

Appendix 1: Key recommendations

This appendix summarises the main recommendations that we have identified during 2008/09, along with your response to them.

| Recommendation | Management Response / Timescale for implementation |
|---|--|
| <p>The following recommendations have been agreed</p> | |
| <p>Audit Memorandum – Report to those charged with governance</p> | |
| <p>Production of Annual Accounts</p> <p>In order to present the balances contained within the financial ledger in the format required by the financial statements, the PCT currently has to perform several reclassifications. These are carried out where a balance on the ledger has to be split out across more than one line in the financial statements.</p> <p>We recommend that the PCT amends the coding structure of its ledger to bring it more into line with the format of the financial statements. This will reduce the time required to perform these reclassifications at year end and for FIMS returns and will reduce the risk of errors occurring through this manual allocation of balances.</p> | <p>Accepted. The ledger coding structure is being reviewed to ensure it meets our operational needs and will be amended accordingly.</p> <p>Responsible Officer: Annette Walker Implementation Date: August 2009</p> |
| <p>Payroll Reconciliations</p> <p>Although control account reconciliations are completed on a monthly basis, there is no regular reconciliation between the payroll feeder and the general ledger. This reconciliation is completed at the year end however we found it complex and difficult to follow.</p> <p>We recommend that this reconciliation is completed on a monthly basis and is simplified through further automation as recommended above. All reconciliations should be signed and dated as prepared and reviewed.</p> | <p>Accepted. This will be implemented with immediate effect.</p> <p>Responsible Officer: Amanda Williams Implementation Date: Immediate</p> |
| <p>Provider Arm Controls</p> <p>As in the prior year there is was a lack of a formal service level agreement between the commissioning and provider arms of the PCT. As a result, we were unable to agree provider income back to a signed contract. We understand that an SLA has been agreed for 2009/10 in line with the Transforming Community Services requirements,</p> <p>As part of our work on the provider full cost recovery duty we found that the controls in place over provider related accruals could be improved. In particular we found several accruals did not have adequate evidence to justify their inclusion in the accounts. However, as the amounts were not material we did not propose any adjustments are made in relation to this.</p> <p>As the two parts of the PCT separate, these accounting controls need to be strengthened and the PCT should review the approach to accruals accounting for provider services.</p> | <p>Accepted. A signed contract is in place for 2009/10. The provider related accruals will be reviewed and evidenced appropriately for 2009/10 accounts.</p> <p>Responsible Officer: Jonathan Evans Implementation Date: 2009/10 Accounts</p> |

Appendix 1: Key recommendations

| Recommendation | Management Response / Timescale for implementation |
|---|---|
| <p>Testing of Back Ups</p> <p>There are no formalised arrangements in place for the testing of back ups.</p> <p>Back up tapes may not work when required which could result in a loss of valuable data to the PCT</p> <p>The Trust should implement a policy for back ups which includes a process for the formalised testing of back ups on an annual basis. This will provide the Trust with assurance that back ups will work when needed and will give the Trust an opportunity to take further back ups were issues are identified.</p> | <p>Accepted</p> <p>Responsible Officer: Chris Russ</p> <p>Implementation Date: June 2009</p> |
| <p>Use of Resources Assessment</p> | |
| <p>Use of Resources Arrangements</p> <p>The PCT will need to assign adequate resources to the Use of Resources process as in 2008/09. The PCT should consider greater involvement of the Commissioning arm to provide evidence for the assessment. An action plan will need to be implemented to ensure that all evidence is gathered on a timely basis considering the current gaps in the Commissioning arm of the PCT.</p> <p>The 2009/10 assessment will include an additional Kloe on natural resources. This is a new area which was not considered under the ALE assessment and the PCT will need to provide evidence about its performance in this area.</p> <p>The PCT will need to provide evidence that they are performing strongly across all themes to maintain an overall level 3. This means providing evidence of further outcomes achieved in 2009/10.</p> | <p>Agreed</p> <p>Responsible Officer: Director of Finance</p> <p>Implementation Date: November 2009</p> |
| <p>Accounts Preparation</p> <p>The preparation and audit of the accounts has a direct impact on the Managing Finances Theme of the Use of Resources review. With the restructure of the Finance Team, the PCT will need to ensure that they have adequate resource assigned to the preparation of the accounts.</p> <p>In 2008/09 there was an issue in relation to the late guidance for negative indexation which led to a material misstatement which was later corrected by the PCT. A more robust review process may have prevented this issue.</p> <p>We recommend that the PCT implement a plan for the preparation of the accounts including a review process. This will help to prevent similar issues occurring in 2009/10</p> | <p>Agreed</p> <p>Responsible Officer: Director of Finance</p> <p>Implementation Date: October 2009</p> |
| <p>Workforce Planning</p> <p>The PCT scored a level 3 for the Managing Resources theme driven by work force planning. The PCT will need to continue to show outcomes in this area to maintain a level 3 score recognising that the Natural Resources theme will also effect the scoring level of the Managing Resources theme.</p> | <p>Agreed</p> <p>Responsible Officer: Director of Finance</p> <p>Implementation Date: November 2009</p> |
| <p>Data Quality and use of Information</p> <p>Although the PCT have put strong arrangements in place in relation to this theme, there is a lack of outcomes evidenced as reflected in the level 2 score. The PCT should work to evidence these outcomes and further embed the data culture to achieve a level 3 in 2009/10.</p> | <p>Agreed</p> <p>Responsible Officer: Director of Finance</p> <p>Implementation Date: November 2009</p> |

Appendix 1: Key recommendations

| Recommendation | Management Response / Timescale for implementation |
|---|--|
| IFRS conversion – review of re-stated 1 April 2009 accounts | |
| <p>Segmental reporting</p> <p>The PCT has identified two operating segments: Provider and Commissioning. As balance sheet information is not reported to the Board/ Provider Board on Provider and Commissioner, the PCT is currently not required to make balance sheet disclosures on these segments.</p> <p>Going forward, the PCT should expand the disclosures as it makes progress with its TCS agenda.</p> | <p>This information will become available as the Transforming Community Services agenda progresses and included on the IFRS project plan</p> <p>Responsible Officer: Amanda Williams (AD-Financial Services)</p> <p>Implementation Date: 31 Dec 2009</p> |
| <p>Embedded Leases and Embedded Derivatives</p> <p>The PCT has taken appropriate steps to identify embedded leases and derivatives for the IFRS restatement. Going forward, the PCT needs to implement robust procedures to identify all new leases and contracts so that they can be reviewed for embedded leases and derivatives (e.g. the health and fitness complex in conjunction with Bolton Council and Bolton University). These procedures should be communicated appropriately to all staff members.</p> | <p>Systems are in development to ensure identification of such leases and contracts. Will be included within the IFRS Project Plan</p> <p>Responsible Officer: Amanda Williams (AD-Financial Services)</p> <p>Implementation Date: 31December 2009</p> |
| <p>IFRS Adjustments</p> <p>The PCT has made appropriate adjustments to the 2008-09 UK GAAP accounts which are supported by adequate working papers. As the PCT is awaiting finalisation of the restated accounts audit, these adjustments have not yet been posted to the general ledger.</p> <p>Therefore, we will review the adjusted 2009/10 opening trial balance and supporting journals as part of the 2009/10 accounts audit.</p> | <p>The adjustments will be posted to the Finance ledger on confirmation of audit sign off. The journal will be forwarded to KPMG for review during the 2009-10 interim audit.</p> <p>Responsible Officer: Amanda Williams (AD-Financial Services)</p> <p>Implementation Date: 30th September 2009</p> |
| <p>IFRS project plan</p> <p>The project plan needs to be reviewed and updated for progress with ongoing actions/issues, not just the restatement. This should be subject to review and monitoring by senior management to ensure issues are being adequately considered and addressed.</p> | <p>Noted, Plan to be updated and regular meetings will be arranged to review the IFRS Project plan with senior management</p> <p>Responsible Officer: Amanda Williams (AD-Financial Services)</p> <p>Implementation Date: 31st October 2009</p> |

Appendix 1: Key recommendations

| Recommendation | Management Response / Timescale for implementation |
|--|--|
| Implementation of the Quality Strategy | |
| <p>The PCT should refresh the Quality Strategy and action plans to make it more effective as an operational management tool. In particular:</p> <ul style="list-style-type: none"> ● Link the quality strategy to the up-to-date corporate aims; ● Clearly outline the PCT's improvement needs; ● Identify capacity to deliver quality improvement in terms of resources and finances; ● Develop a suite of outcome based measures and targets to assess the progress of the strategy. | <p>Agreed</p> <p>Responsible Officer: John Dean (Executive Lead) – Medical Director, Sharon Jeffrey – Associate Director for Quality</p> <p>Implementation Date: December 2009</p> |
| <p>The PCT should refresh the action plan for 2009/10 to ensure it is relevant as an operational management tool:</p> <ul style="list-style-type: none"> – Actions that have been achieved should be removed and new priorities coming online should be added. – Each action should have an associated target measure of performance. – Performance monitoring of the action plan should be assessed in terms of progress against targets and not against a timeline. | <p>Agreed</p> <p>Responsible Officer: John Dean (Executive Lead) – Medical Director, Sharon Jeffrey – Associate Director for Quality</p> <p>Implementation Date: December 2009</p> |

Appendix 2: Reports issued

| Report | Date issued |
|--|--------------------|
| Audit Plan 2008-09 | October 2008 |
| Interim Audit Report | April 2009 |
| Audit Plan letter 2009-10 | April 2009 |
| Clinical Correspondence Review Report | May 2009 |
| ISA 260 Audit Report (Audit Highlights Memorandum) | June 2009 |
| Use of Resources 2008-09 | October 2009 |
| Implementation of the Quality Strategy | October 2009 |
| IFRS Restatement Report | October 2009 |
| Annual Summary of Recommendations | October 2009 |