



NHS Fife

Annual Report to Fife Health Board and the Auditor General for Scotland 2009/10

July 2010



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Executive summary

Financial statements

Our audit of the 2009/10 financial statements is complete and our audit opinions are unqualified. NHS Fife achieved all of its financial targets, delivering a saving against the Revenue Resource Limit (RRL) of £0.191m. The Board also achieved its Capital Resource Limit (CRL) and Cash Requirement targets.

2009/10 was the first year that health boards were required to prepare financial statements under International Financial Reporting Standards (IFRS). We are pleased to report that the Board's financial statements have been prepared in accordance with IFRS.

NHS Fife has 685 equal pay claims outstanding with the NHS Scotland Equal Pay Unit, down from 886 at 31 March 2010. In keeping with the national position, the Board has disclosed this matter via an unquantified contingent liability. Developments over the past year have slowed the progress of claims and led to a reduction in the number of claims going forward. However, we strongly encourage Board management, working with the Scottish Government Health Directorates, the Central Legal Office (CLO) and other NHS Boards to form a view of the potential liabilities as soon as possible taking into account the progress of cases in Scotland and across the UK.

Use of resources

The Board has strong arrangements in place for managing its financial position and making effective and efficient use of resources, although achievement of future financial targets will depend on continuing tight control of expenditure and delivery of very challenging savings plans.

The Board managed a very tight financial position in 2009/10, with the £0.191m surplus reflecting just 0.03% of total RRL. This surplus was achieved despite an underlying recurring deficit of £0.994m, showing that the cost of providing core (ie recurring) services exceeded the recurring funding received. However, this represents an improvement on the £2.6m recurrent deficit in 2008/09.

The Board achieved its savings targets for the year of £10.085m, £9.085m of which were recurring savings. For 2010/11, £10.2m of savings are to be achieved and this will be a key area for management attention over the coming months.

The Board also received a £34m cash advance from the Scottish Government, which was used to make a prepayment to Consort Healthcare, the General Hospital and Maternity Services (GH&MS) PFI provider in April 2010.

Performance

NHS Fife's strategic vision and objectives have been developed as part of a wider pan-Fife partnership arrangement. For the second successive year a single outcome agreement has been produced for the whole of Fife, with input from a range of key partners, and linked to the delivery of the themes agreed by the partnership.

NHS Fife is continuing to carry out an ambitious programme of service redesign, including the development of new hospitals, and the Board has put in place a range of measures to monitor and assess the delivery of this programme. It is also working with community groups to ensure that their views are considered in the decision making process.

A performance strategy was approved in 2010, and the Board has improved the effectiveness of performance monitoring arrangements. Tailored performance reports meet the needs of the different committees and give access to live performance data to key staff. Staff may however benefit from additional support and training to enable them to make the most effective use of the data available. Only 60 percent of the Board's balanced scorecard targets were achieved, or on track to be achieved, by year end. Further work is required to ensure targets are met, or are on track to be met.

Governance

There has been a significant change to the Board composition as a result of the direct elections to the Board in June 2010. The challenge for NHS Fife going forward is to ensure that the Board has the breadth of skills and knowledge required in order to discharge its duties effectively.

Our work on corporate governance focussed on a review of the Board's arrangements to ensure effective systems of internal control, prevention and detection of fraud and irregularity and standards of conduct are in place. We are pleased to report that governance arrangements at NHS Fife continue to be strong.

The Board has performed well in the recent NHS Quality Improvement Scotland (NHS QIS) clinical governance and risk management review. Improvement areas identified relate to business continuity planning and internal and external communication strategies.

Conclusion

This report concludes our audit of NHS Fife for 2009/10. We have performed our audit in accordance with the Code of Audit Practice published by Audit Scotland, International Standards on Auditing (UK and Ireland) and Ethical Standards.

This report has been discussed and agreed with the Chief Executive and Director of Finance. We would like to thank all management and staff for their co-operation and assistance during our audit.

Scott-Moncrieff

July 2010

Introduction

1. This report summarises the findings from our 2009/10 audit of Fife Health Board, commonly known as NHS Fife. The scope of our audit was set out in our External Audit Strategy and Plan, which was presented to the Audit Committee at the outset of our audit.
2. The main elements of our audit work in 2009/10 have been:
 - Our audit of the financial statements, including a review of the Statement on Internal Control
 - Review of the 2008/09 financial statements, restated under International Financial Reporting Standards (IFRS)
 - Review of governance arrangements, internal controls and financial systems
 - Best Value audits of Effective Partnership Working and of Community Engagement, and liaising with the Board on its self assessment of Governance and Accountability and Asset Management
 - Follow-up of the Best Value review of Information Management
 - Review of our Board's response to Audit Scotland National Study reports
 - Review of the Board's involvement in the National Fraud Initiative (NFI) data matching exercise
3. In addition to this annual report, we have delivered the following outputs during 2009/10:
 - Interim management report
 - IFRS report on the restated accounts as at 31 March 2009
 - Best Value report on Effective Partnership Working
 - Best Value report on Community Engagement
 - Follow up of last year's Best Value report on Information Management.
 - Presentations to the Audit Committee on Audit Scotland's national reports on Scotland's Public Finances and Improving Public Sector Efficiency
 - Report on the audit of the financial statements
 - External Best Value assessment of FTF Audit and Management Services (internal audit)

The key issues from these outputs are summarised in this annual report.
4. As part of our audit, we have also made use of the work of other inspection bodies including the Board's internal audit service, NHS Quality Improvement Scotland (NHS QIS) and Audit Scotland's Public Reporting Group.
5. This report is also addressed to the Auditor General for Scotland and will be published on Audit Scotland's website, www.audit-scotland.gov.uk

Financial statements

Introduction

6. Financial statements are a key way in which NHS Fife accounts for the stewardship of the resources made available to it. In this section we summarise the issues arising from our audit work on the financial statements.

Our responsibilities

7. We audit the financial statements and give an opinion on:
 - whether they give a true and fair view of the financial position of the Board and its expenditure and income for the period in question
 - whether they were prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements
 - whether the information in the operating and financial review is consistent with the financial statements
 - whether expenditure and receipts have been incurred and applied in accordance with guidance from Scottish Ministers (the regularity opinion).

We also review the Statement on Internal Control by:

- considering the adequacy of the process put in place by the Chief Executive as Accountable Officer to obtain assurances on systems of internal control
- assessing whether disclosures in the Statement are consistent with our knowledge of the Board.

Overall conclusion

An unqualified audit opinion

8. The Board approved its annual accounts on 29 June 2010. Our independent auditors' report expresses an unqualified opinion on the financial statements of the Board for the year ended 31 March 2010 and on the regularity of transactions reflected in those financial statements.
9. The annual accounts were submitted to the Scottish Government Health Directorate (SGHD) and the Auditor General for Scotland prior to the 30 June 2010 deadline.

Issues arising from the audit

10. We are required by auditing standards to report to the Board the main issues arising from our audit of the financial statements. On 25 June 2010, we presented our Report on the Audit of the Financial Statements to the Audit Committee. In addition to our comment on the financial

statement preparation process, five other issues were identified within that report, all of which were of medium-to-low risk rating. These included:

- Deferred income was overstated by £1.3m, due to the Board raising invoices in advance of year end and before supply was made or payment received. These transactions should not have been included in the 2009/10 financial statements, although there was no impact on the surplus for the year.
- We identified a number of misclassifications of manual prepayments/accounts receivable and accruals/accounts payable.
- The Board had a disagreement to the value of £516,000 in respect of its balance owed to NHS Lothian, coupled with a £1.612m difference in relation to the expenditure in-year figure. There is a history of disagreement of balances with NHS Lothian. Board staff are in discussion with NHS Lothian to resolve these issues.

Equal Pay

'Emphasis of matter' removed from auditors' opinion, but more work ahead to establish the status of existing claims

11. The National Health Service in Scotland has received in excess of 11,000 claims for equal pay and NHS Fife currently has 685 claims with the NHS Scotland Equal Pay Unit, which is working with the Central Legal Office (CLO) in coordinating a national response to this issue. As at 31 March 2010, the number of cases recorded by the Board was 886. The reduction to 685 reflects case dismissals and withdrawals since the year end.
12. Developments over the past year have slowed the progress of claims and led to a reduction in the number of claims going forward. The CLO has stated that claims still do not provide sufficient detail about the comparator jobs to allow an estimate to be made of the likelihood of the success of the claims or of any financial impact that they may have. The CLO and Equal Pay Unit are monitoring the progress of claims as well as developments relating to NHS equal pay claims elsewhere that may further inform the position.
13. Discussions have been held between Audit Scotland, partner audit firms, the Scottish Government, the CLO and Board representatives to ascertain the appropriate accounting treatment of equal pay claims in 2009/10. Given CLO advice that, although some liability is probable, it is not possible to estimate the impact of the claims, it has been agreed that disclosure as an unquantified contingent liability remains appropriate for the 2009/10 financial statements of affected NHS Boards. Given the developments during the year and the comprehensive disclosure within the financial statements, auditors agreed that the emphasis of matter paragraph included within the 2008/9 audit opinion is not required for 2009/10.
14. We continue to strongly encourage Board management, working with the Scottish Government Health Directorates, the CLO and other NHS Boards to form a view of the potential liabilities as soon as possible taking into account the progress of cases in Scotland and England.

International Financial Reporting Standards (IFRS)

Successful adoption of IFRS in 2009/10

15. We undertook a review of the 2008/09 financial statements, restated under International Financial Reporting Standards (IFRS), in October and November 2009 and reported our findings to the Audit Committee in January 2010. Our report set out a series of actions for the Board to consider when completing the full restatement exercise. The most significant of these were that the Board should continue to fully consider IFRS implications on its PFI agreements and consider the impact of the 2008/09 asset revaluation exercise on the revaluation reserve position.
16. The Board's 2009/10 financial statements have been prepared in accordance with IFRS, including accounting for the new St Andrews Community Hospital and Health Centre on the Board's balance sheet.

Statement on Internal Control

17. We are satisfied that the Statement complies with the Scottish Ministers' guidance and that the contents are not inconsistent with information gathered during the course of our normal audit work.

Regularity and Other Opinions

18. We have issued an unqualified opinion on the regularity of transactions. We have also concluded that the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers, and that information which comprises the Annual Report included in the Annual Accounts is consistent with the financial statements.

Use of resources

19. This section sets out our main findings from our review of how the Board manages its key resources in terms of:

- Financial performance
- Management of assets
- Use of information and communication technology.

The Board's financial performance for 2009/10

20. NHS Fife is required to work within the resource limits and cash requirements set by SGHD. As shown in table 1 below, NHS Fife has met all of its financial targets.

Table 1 – Performance against financial targets

Financial Target	Target £000	Actual £000	Underspend £000	Target achieved
Revenue Resource Limit	555,564	555,373	191	Yes
Capital Resource Limit	56,472	56,446	26	Yes
Cash Requirement	633,986	633,121	865	Yes

(Source: Fife Health Board Annual Accounts 2009/10)

21. The Board achieved a surplus against its Revenue Resource Limit (RRL) of £0.191m (2008/09: £2.956m). The surplus represents an underspend of 0.03% and is therefore consistent with the Board's original 2009/10 budget, which projected a year-end break even position.

Achievement of outturn compared to original plans

22. There were a number of reasonably small variances across different parts of the budget. The following table highlights how the Board achieved its final outturn position.

Table 2 – Reconciliation from Financial Framework Budget Outturn to Actual Outturn

	Underspend / (Overspend) £000
Projected Outturn:	0
In Year Variances:	
Operational Division	(220)
Board Admin	2,937
Other Board Services	(1,119)
CHPs	85
Prescribing	(2,245)
Service Level Agreements	(2,510)
Central budget reserve	3,123
Net of other minor variances	140
Actual Outturn (Surplus)	191

(Source: 2009/10 Financial Framework and March 2010 Monthly Monitoring Return)

Overspends

23. Other Board Services were overspent by £1.119m, in the main due to legal costs exceeding budget available (CNORIS costs in particular). Prescribing was overspent by £2.245m and Service Level Agreements were overspent by £2.510m. The overspend on Service Level Agreements was particularly driven by the cost of unplanned activity with providers outwith Fife.

Underspends

24. Board Admin showed an underspend of £2.937m. This was due to a lower than anticipated cost of capital and staff vacancies against corporate directorate posts. Budget reserves held centrally provided a further non-recurring underspend of £3.123m.

Reliance on non-recurring income

25. Performance against financial targets can be affected by non-recurring funding and expenditure. To gain a better understanding of the Board's financial position we have analysed the Board's 2009/10 outturn into recurring and non-recurring items, as shown in Table 3.

Table 3 – Achievement of 2009/10 surplus

	£000
Recurring income	569,678
Recurring expenditure	(579,757)
Recurring savings	<u>9,084</u>
Underlying recurring deficit	(995)
Non-recurring income	20,183
Non-recurring expenditure	(19,997)
Non-recurring savings	<u>1,000</u>
Non-recurring surplus	1,186
Total RRL surplus	191
Underlying recurring deficit as a percentage of recurring income	<u>0.17%</u>

(Source: Director of Finance)

26. The £0.191m surplus was made up of a recurring overspend of £0.995m offset by a non-recurring underspend of £1.186m. In its Financial Framework, the Board budgeted for a recurring overspend of £1.1m with an equal-but-opposite non-recurring underspend of £1.1m in order to breakeven. Therefore, the outturn position is in line with budget.
27. The Board has been reliant on non-recurrent funding in the past two years, as shown in Table 4, below. This indicates there is a gap between the cost of on-going activities and core funding received. This is primarily driven through recurring cost pressures including pay awards, inflation and increasing prescribing costs. This reliance on non-recurrent funding is expected to continue in the coming years, with a £1.2m recurring deficit in 2010/11 being offset by a non-recurring surplus of the same amount.

Table 4 – Recurring and non-recurring surpluses and deficits 2006/07 - 2010/11

	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000
Recurring surplus/(deficit)	2,400	2,465	(2,619)	(995)	(1,200)
Non-recurring surplus	2,600	3,199	5,547	1,186	1,200
Total surplus	5,000	5,664	2,928	191	0

(Source: Previous annual audit reports and Board's financial projections)

28. In terms of financial monitoring, the Board does not formally distinguish between recurring and non-recurring funding, but instead focuses on the overall outturn position. Reliance on non-recurring funding is currently small, but we would encourage the Board to ensure this reliance does not increase significantly as this could jeopardise its financial position, particularly in the current financial climate.

Capital Resource Limit

Small surplus against CRL for 2009/10

29. The Board's total capital expenditure for the year was £56.446m. The Board returned a £26,000 underspend against CRL.
30. St Andrews Community Hospital, a PFI-funded development, was completed and brought on balance sheet during 2009/10 at a value of £26.195m. Other notable areas of capital expenditure in the year were in relation to the General Hospital and Maternity Services project (£2.852m), works and equipment on the Lynebank Hospital site (£5.743m) and development at Stratheden Hospital (£5.7m).
31. During 2009/10, the Board also spent £1.213m in capital grants to other public bodies (2008/09: £3.178).

Key projects in the delivery of NHS Fife strategy

General Hospitals and Maternity Services (GH&MS)

32. The Board reached financial close in April 2010 with Consort Healthcare, the PFI provider, in relation to the GH&MS project. The build is progressing to plan, and the facility is expected to become operational in 2011/12. The Board has undertaken some enabling works on the same site, separate to the PPP agreement, and this has been properly reflected in the 2009/10 accounts.
33. Due to late changes in the PFI funding package related to the prevailing economic environment, the Board made a prepayment of £34m to Consort Healthcare in April 2010. This was supported

by SGHD. The Board has recognised a prepayment in the 2009/10 accounts to reflect this transaction, with an on-going reduction to future unitary charge payments to Consort Healthcare over the life of the contract.

34. We will continue to work with management to ensure ongoing compliance with relevant accounting standards in relation to GH&MS.

St. Andrews Community Hospital

35. Annual service charges of £2.74m were incurred in 2009/10 in relation to St Andrews Community Hospital, and will increase to £3.24m per annum in 2010/11 onwards (2010/11 being the first full year of operation).

Financial Plans

The 5 year financial plan reflects a challenging financial climate

36. The Board has prepared a 5 year financial plan covering the period 2010/11 to 2014/15. The plan identifies the risks which may prevent the Board from achieving its forecasts and, in doing so, aims to give a realistic assessment of the Board's financial operating environment. Table 5 (below) provides a high level summary of the 2010/11 plan.

Table 5 – Forecast financial outturn 2010/11

	£000
Recurring income	562,965
Recurring expenditure	(574,385)
Recurring savings	10,220
Underlying recurring deficit	<u>(1,200)</u>
Non-recurring income	3,500
Non-recurring expenditure	(2,400)
Non-recurring savings	100
Non-recurring surplus	<u>1,200</u>
PROJECTED OUT-TURN (Breakeven)	0
Underlying recurring deficit as a percentage of recurring income	<u>0.21%</u>

(Source: Director of Finance)

37. The Board expects to meet its overall RRL target up to and including 2012/13, albeit on a breakeven basis. We have reviewed the Board's plans and forecasts and the assumptions on which they are based appear reasonable, although it is stressed that this is subject to continued tight control over expenditure and delivery of what will be increasingly challenging savings plans.

Funding

Funding levels continue to increase, but the Board believes implementing NRAC in full would greatly assist its financial position

38. NHS Fife has received significant increases in resources over the past few years, with the RRL rising by around a third compared to 2004/05. This has been used to fund pay modernisation, meet challenging service delivery targets and meet costs associated with service redesign.
39. The Board received an initial revenue allocation of £490.3m for 2009/10. This was an uplift of 3.40%, compared to the minimum uplift of 3.15% and an average of 3.33%. For 2010/11, the Board's initial allocation is £502.9m. This is an uplift of 2.8%, of which 0.4% relates to waiting times/access support funding previously received as non-recurring funding.
40. NHS Fife is receiving increases above the minimum due to its funding being below the target level identified by the NHSScotland Resource Allocation Committee (NRAC), established in 2005 to review the Arbuthnott formula. The Board believes that it is around £8m below its NHSScotland Resource Allocation Committee (NRAC) target allocation. In the Financial Framework submitted to SGHD the Board assumes further movements towards NRAC parity of £1.236m each year for the next five years.

Cost pressures

The Board faces significant cost pressures due to local and national factors. An Efficiency and Productivity Group has been established in response

41. In addition to local pressures, such as those related to tackling specific areas of deprivation in the Board area and wider service redesign plans, the Board faces similar pressures to those being encountered across the NHS in Scotland, including demographic change, pay modernisation and uplifts, drug cost increases, health improvement initiative costs and expenditure to reduce patient waiting times.
42. The Board has planned for an uplift of 2.25% on Agenda for Change pay budgets. In addition, 0.2% of the total paybill has been set aside for the costs associated with Consultant Seniority Payments, Incremental Progression and Discretionary Points. An allowance for Agenda for Change increments has also been included, amounting to a further 0.39% of total pay costs. The changes to national insurance changes have also been considered, along with a 4% increase in the cost of drugs (equivalent to £3.2m, with each additional 1% increase representing £0.8m of extra cost). Energy budgets have increased by 1%, but the supplies budget has had no uplift, as any gross increases are expected to be matched by the Board's cost management programme.

43. The Board has now established an Efficiency and Productivity Working Group, tasked with identifying methods of delivering services in more efficient ways and managing identified cost pressures. The identified cost pressures have been included within the assumptions of the 2010/11 Financial Framework.

Savings plans

The Board has achieved its Efficient Government targets but significant further savings are required in order to secure a breakeven financial position going forward

44. As part of the Scottish Government budget for 2008/09 to 2010/11, £1.6 billion of efficiency savings are to be delivered by the end of 2011¹. This is equivalent to over £500 million each year, although Audit Scotland has reported that further savings will have to be made over and above this target.
45. NHS Fife continues to meet the efficiency targets set by SGHD however the Board has identified the need for real cash releasing savings greater than the 2% target set by SGHD. Table 6 notes the efficiency savings achieved by the Board in 2009/10. These savings were identified through a mixture of specific efficiencies highlighted at the start of the financial year and “in-year” programmes identified on an ongoing basis.

¹ *Improving Public Sector Efficiency, Audit Scotland February 2010.*

Table 6 – Savings achieved in 2009/10

Source of savings	Recurring £000	Non- recurring £000	Total £000
Operational Division	2,911	-	2,911
Dunfermline & West Fife CHP	513	-	513
Glenrothes & North East Fife CHP	362	-	362
Kirkcaldy & Levenmouth CHP	901	-	901
Board Admin & Other services	591	-	591
Service Level Agreements	558	-	558
Superannuation reduction	999	-	999
Prescribing/Drugs target	1,500	-	1,500
Procurement Target	250	-	250
Activity DNA	250	-	250
Patient Pathways	250	-	250
Non recurring in year savings	-	1,000	1,000
Total savings achieved	9,085	1,000	10,085

(Source: March 2010 Monthly Monitoring Return)

46. Table 7 sets out the savings achieved by the Board in the context of cumulative savings and the 2009/10 Local Delivery Plan (LDP).

Table 7 – Achievement of 2009/10 Cumulative Savings

Source of savings	Recurring £000	Non- Recurring £000	Total £000
Savings targets per LDP	18,497	1,000	19,497
Savings from 2008/09	9,412	-	9,412
Savings achieved during 2009/10	9,085	1,000	10,085
Savings achieved to 31 March 2010	18,497	1,000	19,497

(Source: Monthly Monitoring Returns to SGHD and LDP)

47. The Board has identified a cumulative savings requirement of £29.7m by 31 March 2011, with £19.497m of this already delivered. Achievement of the 2010/11 savings target of £10.2m will be very challenging; £4.59m (45%) of the 2010/11 savings target is regarded by the Board as “high” risk and a further £1.7m (17%) is regarded as “medium” risk. Over 40 areas have been identified where the savings are to be delivered in 2010/11. The Efficiencies and Productivity Group is tasked with ensuring these savings are delivered.

48. The following table outlines the main areas for delivery of the 2010/11 savings:

Table 8 – 2010/11 Efficiency Savings

Source of savings	Recurring £000	Non-Recurring £000	Total £000
Drugs and Prescribing	1,450	-	1,450
Support Services	1,100	-	1,100
Procurement	1,655	100	1,755
Estates and Facilities	1,130	-	1,130
Workforce Management	1,400	-	1,400
Clinical Productivity	3,385	-	3,385
Total In Year Savings	10,120	100	10,220

Best Value – Board Self Assessment

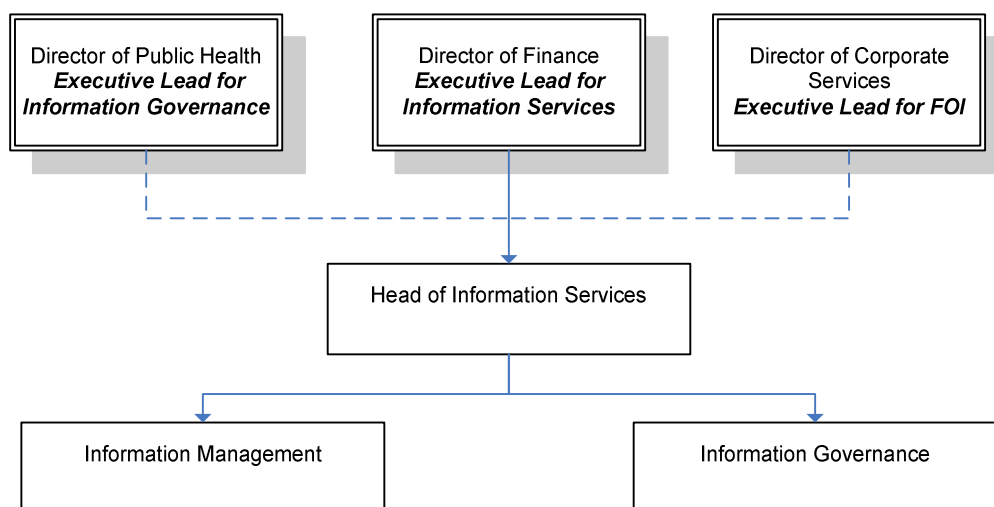
49. During 2009/10 the Board has self-assessed against two Best Value toolkits; Asset Management and Governance and Accountability. The former has provided assurance that the Board is largely delivering against good practice asset management arrangements. The asset reconfigurations linked to the estate changes within NHS Fife will provide an opportunity to address some of the areas for development. The Board is working with internal audit to complete the Governance and Accountability toolkit; at time of writing this is still ongoing, but initial findings indicate no major issues or concerns. Finalised outputs will be presented to the September 2010 Audit Committee.

Follow-up Best Value review of Information Management

Notable development since our initial review in 2008/09

50. In our 2008/09 Best Value audit of Information Management, we concluded that “the Board's capacity to improve its information management is rated as Promising. The development and implementation of an information strategy, coupled with the rationalisation of roles and responsibilities for information management, will be key factors in this improvement being achieved.”
51. Our follow up work found that the Board has taken positive action in seeking to improve information management practices.
52. At the time of our initial review in April 2009, the Head of Information Services had just taken up his post and has since overseen a number of changes in the approach and overall governance around information management practices. As a response to our audit, the Head of Information Services developed an action plan which detailed the measures to be taken to move the Board towards advanced practice.
53. Since the audit, an Interim Information Strategy has been developed by the Head of Information Services and approved by the Strategic Management Team. The strategy covers the period 2010-2014 and details the vision for improved information management as well as some of the challenges around the management and governance of information within the Board. The strategy also recognises the need for clear objectives in respect of information management, information governance, eHealth and service excellence.
54. Work is also underway to improve data quality. We are aware that the Head of Information Services has presented to senior managers within the Board to encourage improved quality of data input to applications/databases. This is a critical element of information management as ensuring accuracy and relevance of data input to applications will determine the quality of data that can be extracted and used to support decision making.
55. One of the most noticeable changes has been the greater clarity in respect of overall roles and responsibilities related to information management. The Director of Public Health is the Caldicott Guardian and also chairs the Board's Information Governance Group. The diagram below outlines the key responsibilities for information management within the Board.

Diagram 1 – Information management: key responsibilities



56. We were also pleased to note that training has continued to be provided to staff within the Information Services team to ensure that their skills and knowledge are capable of delivering the requirements of the Board. We also noted that the focus within the Information Services team is to develop and broaden the staff skills base rather than having subject matter experts who are only capable on specific areas of work. This will provide increased flexibility of the Information Services resource pool and improve the team's ability to meet the demands from the organisation.

People management

Plans are currently being developed by the Board to reflect financial pressures

57. The Agenda for Change accrual was £7.48m as at 31 March 2010 (31 March 2009: £4.96m). The movement in the accrual reflects a higher level of successful reviews and revisits than previously estimated. In 2008/09, the Board estimated that 10% of the reviews and revisits would be successful (but had not started the process to hear these cases at that stage). Based on cases now heard, a 20% success rate seems more likely. We have reviewed the accrual and the underlying assumptions and concluded that it is not materially misstated.

58. The Board recognises that effective workforce planning is crucial to continuous improvement in services, while also ensuring delivery of the efficiencies required to achieve financial targets. The Board has a Workforce Modernisation and Development Strategic Plan, owned by the Workforce Modernisation and Development Board. The plan is currently being refreshed. The Strategic Plan is underpinned by an action plan, which is also in the process of being updated. Annex 5 of the Local Delivery Plan, presented to the Board and agreed with SGHD in April 2010, highlights some of the key workforce issues facing NHS Fife, which are being factored in to the revised strategies and plans. This is summarised in Table 9, below.

Table 9 – Workforce planning initiatives

Area	Workforce Planning Details (per NHS Fife LDP submission)
Medical	A Medical Workforce Group has been formed within the South East and Tayside (SEAT) Group, providing a forum for partnership working and linking medical workforce planning and wider service planning. Short Life Specialty Working Groups will carry out detailed workforce planning and will bring forward proposals for future workforce models and for managing the transitional process for each specialty. A key element in this work will be to highlight the implications of the medical workforce planning on other professional / staff groups and make recommendations about further actions required to address these issues (eg education and training provision).
Other Clinical	Skill mix reviews are to be undertaken in Nursing and Midwifery, Allied Health Professionals and Other Therapies to ensure that these are appropriate to current needs. The National Workload Measurement and management tools will help inform this process. The role of Assistant Practitioners will also continue to be explored.
GH&MS-related	NHS Fife is reshaping via the GH&MS project. The emphasis will be on new ways of working, including the potential for service redesign efficiencies.
Other	The Board continues to look to efficiency opportunities arising from natural turnover and maximising the use of redeployment.

59. In Annex 5 of the LDP submission, the Board acknowledges the need for matters to be “taken forward within the context of the current financial climate, which will by necessity impact on workforce numbers.” Plans are currently being developed by the Board to reflect these financial pressures.

Shared support services

60. The shared support services project, championed by NHS National Services Scotland (NSS), proposes bringing together transaction processing functions with a view to releasing savings for front line services and meeting efficient government objectives.

61. NHS Fife is not a pathfinder but is involved in prominent projects such as the Tayside Consortium Single PECOS Implementation (e-procurement system). The Board also revised its ledger to move to a common chart of accounts during 2009/10. In addition, on-going projects which will be brought to a conclusion in 2010/11 include;

- e-Expenses
- Scottish standard Time System (SSTS)
- Scanning Solution

- Excel Uploader

Overall conclusion on financial management and use of resources

Effective financial management arrangements are in place

62. Our overall conclusion from our review of the Board's financial performance, underlying financial position, financial plans, financial reporting and achievement of savings targets is that the Board has effective financial management arrangements in place. In particular, we have again found that the Board's finance staff work closely with services to provide robust reporting information and effective financial support.
63. However, achievement of future financial targets will depend on continuing tight control of expenditure, delivery of very challenging savings plans and may require some difficult decisions in relation to workforce planning. This will be a key area which the Board will have to monitor very closely.

Action plan point 2

Performance

Introduction

64. An effective performance management system is crucial to the robust monitoring and management of public sector resources. Tracking high level objectives and measuring outputs and outcomes is particularly important in the current economic environment. This section of the report looks at performance management arrangements within NHS Fife.

Effective partnership working

NHS Fife's strategic vision has been developed as part of a Fife-wide focus

65. Fife's Community Plan 'A Stronger Future for Fife' is the overarching strategic plan for Fife. It is co-owned by NHS Fife and its partners, including Fife Council and Fife Constabulary, and provides a framework for every other strategy of Fife Partnership partner organisations.

66. The Plan sets out the overall strategy for the people of Fife and can be cross-referenced to each individual partner organisation's own plans and strategies. The current plan was produced in 2007, and is due to be revised in late 2010.

67. The Joint Health and Wellbeing Alliance for Fife has developed a Joint Health Improvement Plan to provide a strategic lead for improving health and wellbeing and tackling health inequalities. This plan covered the three years from 2007 – 2010 and is linked to the Board's Local Delivery Plan.

A single outcome agreement for the whole of Fife has been developed

68. Single Outcome Agreements (SOA) set out how the Scottish Government and local government will work towards improving outcomes for the local people in a way that reflects local circumstances and priorities. In 2008 the Fife Partnership developed an SOA for the whole of Fife for a three year period. The partnership's single outcome agreement 2008-11 was agreed by the Scottish Government and members of the Fife Partnership in June 2008.

69. In developing the 2009-12 SOA the Fife Partnership took the decision to reduce the number of local outcomes and indicators. The local outcomes within the Fife Partnership SOA are those which are incorporated in Fife's Community Plan. Delivery of the Community Plan is monitored through milestones and annual reporting through the 'State of Fife Report'. This report was also submitted to the Scottish Government as an interim report on the delivery of Fife's SOA. The Partnership will use this method to report on further SOA progress.

There is joined-up working through the Fife Health and Social Care Partnership

70. Fife's Health and Social Care Partnership works jointly between NHS Fife and Fife Council and is responsible for the management and development of health and social care services. The Health & Social Care Partnership currently operates a Partnership Aligned Revenue Budget under the

terms of the Community Care and Health (Scotland) Act 2001, and as outlined in the framework agreement approved by Fife Council and NHS Fife. The financial and legal responsibility and accountability for the funds contained within the Joint Aligned Budget remains with Fife Council and NHS Fife.

Best Value review - Effective partnership working

NHS Fife can demonstrate a clear commitment to effective partnership working

71. In April 2010 we carried out a Best Value review of partnership working. Our review noted a clear commitment to partnership working, evidenced through corporate documentation and the engagement of Board Members. Formal partnership documents outline the roles and responsibilities of each partner organisation and how they contribute to delivering partnership objectives.
72. NHS Fife has the advantage of sharing co-terminous boundaries with its strategic partners. The clear identity of the Kingdom of Fife also enhances close partnership working and a commitment to supporting the delivery of services within the Fife area by all partners. There are clear links between the partnership documents and between these documents and the strategic objectives of NHS Fife. Partnership objectives are reviewed at regular intervals and reflect the priorities and targets of the Board and the other partner organisations. These include reporting through the local delivery plans and the Board's reporting against HEAT targets. The Local Delivery Plan includes an annex which specifically links objectives to the Single Outcome Agreement.
73. Communities and local groups are closely integrated into NHS Fife's partnership working arrangements. Community representatives are involved in the development and approval of the Fife wide community plan, the joint health service delivery plan and the work plans of Community Health Partnerships (CHPs).
74. Whilst partnership arrangements and structures are in place, more work is required on developing effective outcome based reporting. Existing performance monitoring tools were not necessarily designed to produce outcome reports on partnership performance. Clear baselines for service delivery have not been established for all targets and outcomes or across partnership themes. Otherwise, the Board may find it difficult to demonstrate the impact that this partnership working is having on the people of Fife.

Action plan point 3

Best Value review - Community Engagement

Good engagement framework in place

75. Our Best Value review of Community Engagement found that NHS Fife has good underpinning processes in place, supported by a developed engagement framework. Current arrangements consult widely, with a clear and direct link to the Board via the Patient Focus Public Involvement (PFPI) Standing Committee (on which a number of non-executive board members sit). Good work

is also being undertaken within CHPs and their Public Partnership Forums (PPFs), and there is a good reporting mechanism upwards from these forums back to the Committee and the Board. There is also evidence of good community engagement around some of the more major recent capital developments within the Board.

76. Arrangements do need to be developed further, to better formally demonstrate linkages between community engagement activities, strategic plans and outcomes. Further work is also required to formally demonstrate the extent to which communities feel empowered through engagement activities undertaken. The Board is currently reviewing the guidance set out in the Chief Executive Letter (CEL) 4 (2010) *Informing, Engaging and Consulting People in Developing Health and Community Care Services*, issued in February 2010.

Action plan point 4

Service redesign

NHS Fife is undertaking an ambitious programme of service redesign but has put in place a range of measures to monitor its progress and performance

77. NHS Fife is engaged in significant service redesign. In August 2009 the first patients were treated at the new St Andrews Community Hospital and Health Centre. This brought together services previously delivered on two separate sites. The GH&MS project re-aligns health services across two existing sites, the Victoria Hospital in Kirkcaldy and the Queen Margaret Hospital in Dunfermline. In addition, the project also sees the closure and disposal of a third site, the Forth Park Hospital in Kirkcaldy. This reconfiguration will allow the Board to deliver further operating efficiencies from central specialisation and economies of scale.
78. The Board has a robust monitoring structure in place for GH&MS, with a Project Board and Risk Group, supported by the Project Management Team and specific working groups. The Project Board meets monthly and provides updates to the NHS Fife Board.
79. The Board is utilising a patients' pathway of care approach for the Service Redesign Board and Service Redesign Committee. This work will help to optimise bed numbers, day cases at out-patient clinics and reduce length of stays. During 2009/10 the Board also developed new mental health and learning disability facilities. These were delivered on time, on budget and without any changes to the plans or timescales.

NHS Fife successfully implemented contingency measures in May 2010 as a result of unexpected staff absence

80. To inform service redesign, NHS Fife has projected its future medical staffing requirements to 2014. This considers the implications of Modernising Medical Careers, the role of consultants and specialist doctors responsible for acute medicine and for specialisms such as paediatrics, urology, obstetrics and gynaecology. This was then compared with future staffing requirements based on service redesign plans and projected reductions in doctors undertaking specialist training.

81. The exercise recognised that the forecast staffing levels could impact on the ability to deliver services and appropriate contingency plans would need to be established. In November 2009, NHS Fife approved contingency plans to address these areas, to be invoked should an insufficient number of junior doctors be available.
82. NHS Fife was required to implement its contingency plans in May 2010. Due to an unplanned staff absence, and the inability to engage a locum at short notice. The Board maintained a full Accident & Emergency (A&E) service on both the Queen Margaret Hospital and Victoria Hospital sites between 8am and 5pm Monday to Friday and a minor injuries service at Victoria Hospital outwith these hours, with a full A&E services at Queen Margaret Hospital. Emergency nursing staff were able to treat the majority of people who attended the Victoria Hospital A&E during the night, supported by medical staff in the hospital.
83. The contingency plans worked effectively, although the Board was subject to criticism in the media. It is important that successful delivery of contingency plans is reported to the Operational Divisional Committee and Board. This will also ensure that good practice and lessons learned from the experience can be incorporated if contingency plans have to be actioned in the future.

Action plan point 5

Performance management

The Board has recently approved a new performance management strategy and is continuing to develop more robust performance monitoring arrangements

84. In October 2009 the Board approved a performance management strategy and framework for the period 2009-14. This was developed in consultation with NHS Fife's Senior Management Team (SMT) and Board members. In September 2009, a Board development session considered performance management arrangements and reporting requirements. This session was used to further inform and update the strategy.
85. NHS Fife uses three specific performance management models; the balanced scorecard, performance improvement reports and a FifeSTAT statistical approach. The Board ensures that the scorecard reflects local and national targets and requirements, including Local Delivery Plan and HEAT targets. The scorecard includes specific measurable, achievable, realistic and time focussed (SMART) targets and is used to monitor progress against strategic targets. Progress against the balanced scorecard is reported to the Board three times a year.
86. Performance improvement papers are discussed on a monthly basis by the SMT. These are reports on specific performance targets or local priorities. The reports set out the context, performance information, risk assessment and recommended actions.
87. FifeSTAT sets out performance indicators and lead officers. A FifeSTAT report goes to the SMT on a monthly basis and additional performance reports are presented to the Board's CHPs. Reporting arrangements within CHPs are tailored to meet the needs of each committee and are led by CHP General Managers. The FifeSTAT performance information system is able to provide

reports by CHP areas for some indicators. This information can then be reported to an individual CHP as required.

88. Although CHPs have access to FifeSTAT data the extent to which individual CHPs access and use the data varies considerably. The Board should consider providing training on FifeSTAT for CHP staff and Heads of Service. Staff would then be able to make more effective use of the performance information.

Action plan point 6

HEAT and Board targets

60 percent of NHS Fife's targets were achieved or were on track to be achieved during 2009/10

89. A final report on NHS Fife's balanced scorecard for 2009/10 was reported to the Board on 27 April 2010.

Table 10 – Overall progress against balanced scorecard targets

Progress	Number
Completed	4
On track	33
Likely to be delayed	18
Not met / unlikely to be met	6

90. 60% of the Board's targets were completed or on track for completion. Of the remaining targets, 30% are likely to be delayed and 10% will not be met. This is slightly below the 66% rate of targets completed/on track for completion reported in our 2008/09 annual report.
91. In December 2009 the Board reported that three targets were not met or unlikely to be met. By the end of the financial year this figure had doubled. The six targets not met or unlikely to be met are as follows:
- Smoking cessation
 - Cervical screening
 - Breastfeeding
 - Teenage pregnancies
 - Healthcare Associated Infections (HAI)
 - Sickness absence

92. The Board's target was to support eight percent of its smoking population to quit over the period 2008–11. In December 2009 the Board recognised that achieving this target would be challenging. The Board is now only achieving 68% of its cumulative target. This trend is reflected across other boards, and NHS Fife is working with SGHD to identify ways to address this downward trend.
93. March 2009 figures show cervical screening target achievement of 79.9% against a national target of 80%. NHS Fife continues to be above the national average (of 79.4%) but further work is required if the Board is to meet the national target.
94. Since December 2009, after actions were taken to increase the proportion of newborns exclusively breast fed, the rate actually declined. A key issue here is the six hour discharge time for mothers at Forth Park Hospital; the Board estimates that 55% of mothers are discharged before breast feeding is fully established. Accordingly, the breastfeeding target is impacted by the six hour discharge target. It is important that the Board identifies the key priority and takes a strategic decision to balance these targets.

Action plan point 7

95. NHS Fife has a target to reduce teenage pregnancies in 13 to 15 year olds to 7.2 per 1,000 by March 2011. The Board will not receive official data on this metric until the summer of 2010, but believes it is unlikely to reduce pregnancies from its 2007 figure of 8.7 to below the current target.
96. In December 2009 there were 136 incidents of Staphylococcus Aureus Bacteraemia (SAB) against a target of 103. The Board has now introduced a quality improvement programme and action plan with the support of NHS QIS.
97. The Board's sickness absence rate continues to exceed the 4% target. The Board continues efforts to reduce this, but for two months in 2009/10 it was above 5%. The Board's HR function supports managers through an absence management tool and training. The Board must continue to make absence management a priority. In the current financial climate significant efficiency savings could be realised through meeting the 4% target.

Action plan point 8

National study reports

98. The Board has developed a formal process to review and action Audit Scotland National Study reports. We presented Audit Scotland's *Scotland's Public Finances* and the *Improving Public Sector Efficiency* reports to the Board's Audit Committee in March 2010. This set out the key issues and messages from the report and gave members an opportunity to ask questions on the study and interpret this in the NHS Fife context.
99. We are required to report bi-annually to Audit Scotland on the action taken by the Board in response to reports issued, and in the coming weeks we will be confirming what action has been taken by the Board in response to the most recent tranche of reports.

Governance

100. This section sets out the main findings arising from our review of NHS Fife's governance arrangements as they relate to:

- Corporate governance
- Risk management
- Internal audit
- Prevention and detection of fraud and irregularity and the National Fraud Initiative (NFI)
- Patient safety and clinical governance
- Public performance reporting

Corporate governance

101. Our work on corporate governance focussed on our review of the Board's arrangements to ensure effective systems of internal control, prevention and detection of fraud and irregularity and standards of conduct and prevention and detection of corruption.

102. We are pleased to report that governance arrangements at NHS Fife continues to be strong.

Pilot for direct elections – new members elected to the Board in June 2010

103. The Health Board (Membership and Elections) (Scotland) Act 2009 introduced, on a pilot basis, direct elections to health boards in Scotland. Fife Health Board is one of two Boards involved in the pilot, which will last for at least two years. The first elections were held on 10 June 2010 and the composition of the Board is now as follows:

Table 11 - Composition of the Board (Post Election)

	Total Members	Appointed Members	Councillor Members	Elected Members
NHS Fife Board Composition (Post Election)	25	12	1	12

104. Many of those elected have prior experience of working with and within the NHS, including some former Board members of NHS Fife.

105. The Board Chair, other Board members and NHS Fife management have been involved in developing an induction programme and training for new Board members, setting out roles and responsibilities in terms of strategic direction, oversight and challenge and the wider context in which NHS Fife and the NHS in Scotland operates. As external auditors, we have fed into this

process and have provided management with Audit Scotland National Study report presentational materials to assist in making the inductions as informative and effective as possible.

Risk management

A good risk management framework is in place

106. The Board's Risk Management Strategy and Policy was revised during the year, and the changes made addressed previous audit recommendations.
107. Risk management arrangements at NHS Fife are relatively well developed compared to other NHS boards. Work has been ongoing to provide clearer links between operational and business plans and the risk management processes. The Local Delivery Plan includes links to the strategic risk register, supporting the Board in monitoring the risks which may impede the achievement of the strategic objectives.
108. Mindful of the impending NHS Quality Improvement Scotland (NHS QIS) review (discussed further below), we considered certain aspects of the Board's overall risk management arrangements during our interim visit. We recommended in our Interim Management Report that risk management annual reporting to the Board should be developed, to provide a mechanism for giving assurance on the status of the strategic risks faced by the Board. We are pleased to note that this recommendation was implemented in March 2010.

Internal audit

109. The Board's internal audit service is provided by FTF Audit and Management Services (FTF).
110. In accordance with International Standard on Auditing (ISA) 610 – Considering the work of internal audit, "the external auditor should perform an assessment of the internal audit function when internal auditing is relevant to the external auditor's risk assessment." Overall, we concluded that FTF provides a service which complies with Government Internal Audit Standards and which we can rely upon. To avoid duplication of effort and ensure an efficient audit process, we have made use of internal audit work where appropriate and we are grateful to the FTF internal audit team for their assistance during the course of our audit work. We also identified some minor operational areas for development and have discussed these with the Regional Audit Manager.
111. In January 2010, we also issued a report assessing the arrangements in place within FTF to further develop the quality of service it offers and assist in developing a Best Value action plan. Our recommendations included the need to formally demonstrate continuous improvement and efficiency in resources and processes, increased use of benchmarking to objectively assess FTF against comparable providers and the production of an overarching FTF business plan and Audit Charter.

Prevention and detection of fraud and irregularity

112. Our audit was planned to provide a reasonable expectation of detecting material misstatements in the financial statements resulting from fraud and irregularity. As part of our governance work we reviewed the Board's arrangements in place to prevent and detect fraud and irregularity. We did not find any indication of fraud and irregularity and concluded that the Board's internal controls and financial procedures were adequate to prevent and detect material fraud and irregularity.

Adequate NFI arrangements in place but the Board should consider submitting non-mandatory datasets

113. We completed the Audit Scotland National Fraud Initiative (NFI) questionnaire during our interim audit visit. We reported that the Board's arrangements were sound and found no reportable weaknesses in the process.

114. During our interim audit we reviewed the Board's participation in NFI through completion of the Audit Scotland questionnaire and assessment of the Board's overall approach to NFI, including consideration of whether the Board has investigated matches efficiently and effectively. We reported that the Board's arrangements were adequate. However, the NFI process gives boards the option to submit certain risk-based datasets and during 2008/09 the Board chose not to submit creditors' information. We recommended in our interim report that the Board should consider submitting this information in future to fully support the aims and objectives of NFI.

Patient safety and clinical governance

Improved performance in the NHS QIS clinical governance and risk management review

115. It is essential that NHS Fife has adequate arrangements in place to ensure the continuous improvement of services in a safe environment. The Board has a clinical governance committee which has approved terms of reference and meets at least four times per year.

116. NHS QIS performed a clinical governance and risk management peer review in February 2010. The review assesses each NHS Board through the cycle of development, implementation, monitoring and reviewing ratings. In the previous review two years ago, the Board scored 6 out of 12. The most recent review has led to an increased equivalent score of 9 out of 12 (as confirmed by NHS QIS, but not part of the NHS QIS final report) and the summary of the results are shown below.

Table 12 - Summary of NHS QIS Findings

CGRM Standard	Development	Implementation	Monitoring	Reviewing
Risk Management				✓
Emergency and Continuity Planning		✓		
Clinical Effectiveness and Quality Improvement			✓	
Access, Referral, Treatment and Discharge				✓
Equality and Diversity		✓		
Communication		✓		
Clinical Governance and Quality Assurance				✓
Fitness to Practice		✓		
External Communication		✓		
Performance Management				✓

(Source: NHS QIS Local Report 2010)

117. The review found that the Board has strong risk management arrangements, has an embedded culture of clinical improvement at an operational level, strong partnership working arrangements and a commitment to enhancing performance management. The key areas for improvements relate to business continuity planning and internal and external communication strategies.

118. The review findings are consistent with the findings from our audit work over the last four years.

Public performance reporting

119. In our Best Value audit of Community Engagement, we noted that a range of information is readily available on the Board's website. Board and Committee meetings, associated papers, Board publications and strategies and latest news updates are all publicised via the website. However, we noted that the Board's website is in need of significant update, including to archive those documents which are out of date and ensure current documents and publications are readily identifiable and obtainable to make the site as user-friendly as possible.

Action plan point 9

Looking forward

Financial statements

120. The Board is projecting a breakeven position in 2010/11. This includes the £0.191m surplus carried forward from 2009/10. In 2011/12 and in the remainder of the Board's five year financial plan, the Board is similarly projecting a breakeven position against RRL.

Use of resources

121. Whilst the health sector is expected to be the most protected from looming budget reductions, there is still significant uncertainty over the longer term level of funding that will be provided to boards across Scotland. Recognising this uncertainty, the Board has identified that large increases in savings are required over the next 5 years. The Board must ensure that these savings are achievable through identified and managed plans. The inability to deliver such savings would have a significant adverse impact on the Board's financial position going forward.

122. Work on the new GH&MS Hospital will continue in 2010/11, with a view to the Board taking control of the facility in 2011/12. The Board plans to use capital funds previously banked with SGHD in 2006/07 to support capital costs in relation to GH&MS, and we will monitor developments in this area in the coming year. Progress is expected to continue with service redesign proposals, as the Board looks to deliver further operating efficiencies.

Performance

123. HEAT/ Board balanced scorecard targets will come under increasing pressure as the Board looks to maintain a balanced budget. For health boards, the 'difficult decisions' in these challenging financial times may mean prioritising certain targets over others as decisions are made on how best to allocate resources. Constructive dialogue with all stakeholders will be key in identifying the best way forward.

124. Audit Scotland is committed to extending Best Value across the public sector and we will assess the Board against at least one further Best Value toolkit in 2010/11.

Governance

125. Following the June 2010 direct elections to the Board, independent elected members (including the local authority member) now form the majority membership of the Board. The Board continues with its induction, training and familiarisation programme for these new members, to ensure they are given sufficient support to undertake their role and discharge their responsibilities. We will monitor developments in this area in 2010/11, and continue liaising with the Audit Committee and Board Chair to support this induction process as far as possible. We will also look to support the work of the independent external evaluation of this pilot programme.

Action Plan

Our annual report action plan details the more significant control weaknesses and opportunities for improvement that we have identified during our final audit visit in addition to any reportable matters arising from our review of performance and governance systems.

The action plans detail the officers responsible for implementing the recommendations and implementation dates. The Board should assess these recommendations for their wider implications before approving the action plan.

It should be noted that the weaknesses identified in this report are only those that have come to our attention during the course of our normal audit work. The audit cannot be expected to detect all errors, weaknesses or opportunities for improvements in management arrangements that may exist.

Grading

To assist the Board in assessing the significance of the issues raised and prioritising the action required to address them, the recommendations have been graded. The grading structure is summarised as follows:

- Grade 5 Very high risk exposure - Major concerns requiring Board attention.
- Grade 4 High risk exposure - Material observations requiring management attention.
- Grade 3 Moderate risk exposure - Significant observations requiring management attention.
- Grade 2 Limited risk exposure - Minor observations requiring management attention
- Grade 1 Efficiency / housekeeping point.

Issues arising from our 2009/10 audit

No	Title	Issue identified	Risk and recommendation	Management comments
1	Equal Pay (Para 14)	NHS Fife has received claims in respect of equal pay. In line with the national position, the Board is unable to quantify the risk of its liability, if any, as at 31 March 2010.	<p>There is a risk that the Board is understating its liabilities and we strongly encourage management, working with the Scottish Government Health Directorates and other NHS Boards, to form a view of the potential liabilities as soon as practicable taking into account the progress of cases in Scotland and in England.</p> <p>Grade 3</p>	<p>Agreed.</p> <p>Responsible officer: Director of Finance</p> <p>Implementation date: 31 March 2011</p>
2	Financial pressures (Para 63)	Achievement of future financial targets will depend on continuing tight control of expenditure, delivery of very challenging savings plans and may require some difficult decisions in relation to workforce planning.	<p>This will need to be a key area which the Board will have to monitor very closely.</p> <p>Further, although focus is on delivering challenging 2010/11 savings targets, similarly challenging targets will be required to identify areas for savings in future years, and looking forward in this regard will allow the Board to mitigate financial performance risks in the more medium term.</p> <p>Grade 3</p>	<p>Agreed.</p> <p>Responsible officer: Director of Finance, through SMT</p> <p>Implementation date: Ongoing</p>

No	Title	Issue identified	Risk and recommendation	Management comments
3	Effective partnership working (Para 74)	Whilst partnership arrangements and structures are in place more work is required to take forward partnership working. We raised a number of recommendations in our Best Value report on Effective Partnership Working in April 2010.	Recommendations raised in our Best Value report included developing effective outcome based reporting and establishing clear baselines for service delivery for all targets and outcomes or across partnership themes. Grade 3	Agreed. The Community Care Outcomes Framework will create the opportunity to develop baseline information and performance reports. Responsible officer: General Manager, Kirkcaldy and Levenmouth CHP Implementation date: December 2010
4	Community engagement (Para 76)	NHS Fife has good underpinning processes in place in respect of Community Engagement, supported by an established and developed engagement framework. However, we did raise a number of recommendations in our Best Value report on Community Engagement in April 2010.	In our Best Value report, we highlighted the need to better formally demonstrate linkages between community engagement activities, strategic plans and outcomes. Further work is also required to formally demonstrate the extent to which communities feel empowered through engagement activities undertaken. A formal plan in response to the Chief Executive Letter (CEL) 4 (2010) <i>Informing, Engaging and Consulting People in Developing Health and Community Care Services</i> , issued in February 2010, is also required. Grade 3	Agreed. Further, PFPI Leads are currently developing a coordinated response to the CEL. SMT are aware of the CEL and of their responsibilities for disseminating this throughout the organisation. Responsible officer: Associate Nurse Director Implementation date: all stages complete by March 2011

No	Title	Issue identified	Risk and recommendation	Management comments
5	Contingency Plans (Para 83)	<p>NHS Fife was required to implement its A&E contingency plans in May 2010. Although the plans worked as expected, the Board was subjected to criticism in local and national media outlets.</p>	<p>It is important that the delivery of contingency plans is reported back to the Operational Divisional Committee and NHS Board. This will ensure that good practice and lessons learned from the experience can be incorporated and addressed if required.</p> <p>Grade 3</p>	<p>Agreed.</p> <p>Responsible officer: Chief Executive , Operational Division</p> <p>Implementation date: Ongoing</p>
6	FifeSTAT training (Para 88)	<p>CHP managers, Heads of Service and those leading service provision may not be making the most effective use of FifeSTAT information.</p>	<p>The Board should provide FifeSTAT training for staff responsible for leading service provision.</p> <p>Grade 3</p>	<p>Agreed.</p> <p>Responsible officer: Head of Performance Management</p> <p>Implementation date: March 2011</p>
7	Breastfeeding targets (Para 94)	<p>The Board is not meeting its trajectory target for increasing the proportion of new-born children exclusively breastfed. Acting against the achievement of this target is a six hour discharge time for mothers at Forth Park Hospital (ie before breastfeeding is fully established).</p>	<p>The Board must identify the key priority and take a strategic decision to balance these targets.</p> <p>Grade 3</p>	<p>Agreed. A range of measures is already in place to help meet the target.</p> <p>Responsible officer: Nurse Director</p> <p>Implementation date: March 2011</p>

No	Title	Issue identified	Risk and recommendation	Management comments
8	Absence management (Para 97)	The Board's sickness absence rate continues to be above the target of four percent. In the current financial climate the Board could potentially deliver significant levels of efficiency savings by achieving its absence management target of four percent.	The Board must continue to make absence management a priority. It should look to identify good practice and consider alternative ways to address the issue. Grade 3	Agreed. Responsible officer: Director of Human Resources Implementation date: March 2011
9	Public Performance Reporting (Para 119)	The Board's website is in need of significant update, including to archive those documents which are out of date and ensure current documents and publications are readily identifiable and obtainable. For example, the communication strategy dates back to 2006-08; this document is important in shaping the overall approach to communicating with the community.	The website should be updated as soon as possible, to provide a quick and effective way for the public to access Board information. In addition, the Communication Strategy should be updated, mindful of the need to ensure community engagement is fully reflected in any revised strategy. Grade 2	A project to update the website and Communication Strategy is ongoing. Responsible Officer: Director of Corporate Services Implementation Date: December 2010



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