



Mrs Janet Davies AM
Chair of the Audit Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

Date 8th February 2005
Our reference JC/0185/fgb
Your reference
Tel No 029 2026 2641
Fax No 029 2026 2631
E-mail jeremy.colman@wao.gov.uk
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Dear Chair,

**Audit Committee report on the Finances of NHS Wales 2005:
Welsh Assembly Government's response**

The Clerk's letter of 20 January 2006 requested my advice on the Welsh Assembly Government's response to the recommendations made by the Audit Committee in its report, *The Finances of NHS Wales 2005*.

The Assembly Government has responded positively in agreeing to all five of the Committee's recommendations and has provided detailed explanations and actions in support each of its responses.

On **recommendation 1**, Health Commission Wales has been asked to review its strategic change and efficiency plan in the light of the 2006-07 revenue allocation and will be supported in taking remedial action by the Delivery and Support Unit.

More generally, the NHS Department has pointed to a number of developments under the "Design for Life" strategy help NHS bodies provide patient services to acceptable standards within allocated funding (**recommendation 2**). Proper monitoring of outturn is also key to good financial management and the response to **recommendation 3** outlines a number of positive steps being taken, including the challenging of assumptions at regional level, to improve in this area.

Turning to **recommendation 4**, the balanced scorecard approach for assessing performance of NHS bodies has now been rolled out to all NHS bodies except Health Commission Wales (whose own scorecard is still under development) and is being aggregated to produce a national scorecard.

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On **recommendation 5**, we await a delivery plan due in March 2006 on the actions recommended by Wanless in respect of three defined issues (review of mental health services, involving people in the provision of services and workforce redesign).

The Wales Audit Office will regularly review progress by the Welsh Assembly Government in implementing the report's various recommendations as part of its ongoing monitoring of the finances of NHS Wales. I will be providing appropriate updates in my forthcoming reports on NHS issues.

Yours sincerely,

Jeremy 

Jeremy Colman
Auditor General for Wales