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Ein Cyfeirnod/Our Reference

Eich Cyfeirnod/Your Reference

Dyddiad/Date 23 February 2004

Dear Adria

AUDIT COMMITTEE REPORT: THE FINANCES OF NHS WALES 2003

Thank you for your letter of 19 January 2004 regarding the response from the Welsh Assembly Government to the Audit Committee's report on the Finances of NHS Wales 2003. You sought the Auditor General's advice on the contents of the response and on any follow-up action that the Committee might take.

The Welsh Assembly Government has responded very positively to the Committee's recommendations. In particular:

- NHS Finance is working with Local Health boards and NHS Trusts to address the issue of financial deficits. Health Communities have been asked to develop Strategic Change and Efficiency Programmes to eradicate financial deficits by March 2006;
- An all Wales Medicines Strategy Group has been established to provide advice to the Minister on Strategic medicines management and prescribing. This will enable the Assembly to provide guidance on a standard approach whilst permitting local flexibility. In addition, the LHBs are now required to meet seven high-level prescribing indicator targets for 2004-0;
- The financial performance of NHS bodies is now monitored monthly on a regional basis with appropriate involvement from the Director of NHS Finance;
- Prompt payment of invoices is now a formal target for all NHS bodies;
- The NHS Wales Department is continuing to work with the NHS Counter Fraud Service to ensure that fraud prevention and detection measures continue to be given high public profile;
- Each NHS Trust has developed a recruitment and retention strategy to help overcome the loss of key staff and the consequent over reliance on temporary and agency staff; and

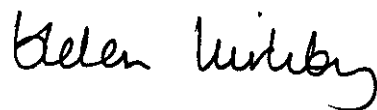
- Further measures have been taken by the NHS Wales Department and the Welsh Risk Pool to limit exposure and, in 2002-03 these arrangements have helped ensure that the Pool's expenditure is over £10 million less than in previous years.

In addition the Welsh Assembly Government continues to track the running costs of the restructured NHS and the associated transitional costs, including the costs of early severance.

The Auditor General is currently preparing his 2004 report on the Finances of NHS Wales and it will include an update on all of these topical issues. This report, when published, will enable the Committee to take a fresh look at the current financial health of NHS Wales.

I do hope that you find this response helpful.

Yours sincerely,



HELEN KIRKBY

Private Secretary to the Auditor General for Wales