

Trust Board Meeting**ITEM: 17**
Doc: 13**DATE:** 23 May 2012**TITLE:** Report from the Audit & Risk Committee**SPONSOR:** Peter Freedman, Chair of the
Audit & Risk Committee**REPORT FROM:** Richard Martin, Director
of Finance**PURPOSE OF REPORT:** To provide the Board with additional assurance on the Trust's risk management systems and internal controls, based on the work of the Committee at its recent meetings.**EXECUTIVE SUMMARY:**

The formal minutes of the March 7 meeting are attached; these were previously summarised in the report to the Board on March 28.

During its most recent meeting, on May 10, the Committee

- **Reviewed the latest Board Assurance Framework** and in particular identified 5 areas which the committee judged to represent currently the most important risks to the achievement of the Trust's strategic objectives. These were: (1) QIPP/CIP plans for years 2013/14 and beyond; (2) GP & other stakeholder engagement in clinical pathway redesign; (3) Commissioner solvency; (4) the development of an NCL-wide solution for Maternity Services; and (5) the use of information to drive performance (including data quality). These – along with the other 20-odd risks on the BAF – will continue to be scrutinized by the Committee going forward, through its rolling programme of deep-dives.
- **Noted a progress report from External Audit**, who have not at this stage uncovered any material issues relating to the Annual Accounts for 2011/12
- **Noted the draft Annual Report from Internal Audit** for the year 2011/12. The provisional findings give adequate or substantive assurance in all the areas reviewed so far, with the exception of overseas visitors (limited assurance).
- **Reviewed an action plan for Overseas Visitors**, designed to address the weaknesses in income maximization.
- **Agreed the Internal Audit plan** for 2012/13. Areas for in-depth review will include: QIPP/CIP management; Service Line Management; Data Quality; Bank & Agency; and Information Governance.
- **Approved a number of tender waivers and bad debt write-offs**, which were in normal range
- **Approved minor changes in Accounting Policies and the Treasury Management Policy.**
- **Reviewed the draft annual accounts for 2011/12**, which show a surplus above the break-even duty for the eight consecutive year
- **Reviewed the draft annual Governance Statement**, which now replaces the Statement of Internal Control as the key source of assurance provided to the NHS Chief Executive



PROPOSED ACTION: To note

APPENDICES:

Appendix A – Approved Minutes from previous meeting (from 7th March, 2012)

DECLARATION

In completing this report, I confirm that the implications associated with the proposed action shown above have been considered – any exceptions are reported in the Supporting Information:

Implications for the NHS Constitution, CQC registration

Financial, regulatory and legal implications of proposed action

Risk management, Annual Plan/IBP

Moving Ahead – how does this report support any of the Trust's 5 Strategic Goals

**The draft minutes of the Whittington Hospital Audit Committee meeting held on
Wednesday 7th March 2012**

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|----------------------|---|--|---|
| Present | Peter Freedman Robert Aitken Sue Rubenstein Marisha Ray | PF RA SR MR | Non-executive Director (Chair) Non-executive Director Non-executive Director Specialist Adviser (for items 12/017-19 & 12/024) |
| In attendance | Yi Mien Koh Richard Martin Margaret Boltwood Bronagh Scott Andrea White Anthony Smith Ivan Doncaster Surinder Ahir Maria Da Silva David Seabrooke Fiona Smith | YMK RM MB BS AW AS ID SA MDS DS FS | Chief Executive (for item 12/024) Director of Finance Director of People (for item 12/025) Executive Director of Nursing & Patient Experience Audit Commission Audit Commission Parkhill Audit Agency Parkhill Audit Agency Chief Operating Officer Interim Company Secretary Director of Planning and Programmes (for item 12/026) |
| Minutes | Vivien Bucke | VB | Business Support Manager, Finance |

12/017 Welcome and Apologies for Absence

Action

- 17.1 Apologies received from Anita Charlesworth and David Williams, & Celia Ingham Clark. Welcome to Fiona Smith, Director of Planning & Programmes for Item 12/026 and Alan Farnsworth, Director of Procurement Shared Services for item 12/023.

12/018 Draft Minutes of the meeting held on 11th January 2012

- 18.1 A number of minor amendments were made to the draft minutes.

Summary of the Development Session

- 18.2 PF gave a summary of the conclusions from a development session of the Committee, held that morning.
- 18.3 The first part of the session had focused on deep dives into three risk areas on the Board Assurance Framework:
- Regarding the quality impact of current and future CIPs, the Committee gained good assurance that controls were in place and effective. It had made a number of recording suggestions, such as combining certain related risks on the BAF, and including a fuller list of controls and assurances.
 - Regarding workforce engagement, while somewhat assured by the actions underway, the Committee had suggested the development (and implementation) of a more comprehensive “Staff Engagement Plan”.
 - On information quality, the Committee had come away with a better understanding of the “hotspots” where quality was at risk.

Agreed actions included the development of an Information Strategy, and more comprehensive information policies in each operational area. The latter should include clear accountabilities for information quality. FS advised that it is her intention to link this to the work that is underway to set up a formal structure for information asset owners that includes a revision of policies/procedures and accountabilities. Updates on progress will be reported to the Audit Committee by the end of Q1 2012/13.

- 18.4 The second part of the development session had focused on reviewing a draft of the Internal Audit Plan for 2012/13. A number of suggestions had been made in order to align this better with the key risks in the BAF and Parkhill would develop a revised version of the plan before the end of March.

12/019 Action Notes & Implementation Tracker (Doc2)

19.1 Actions completed:

- 1107.5 Template for Executive Summary for Board & Committee Papers to prompt author to consider Monitor Compliance
- 1112.01/03 Proposed reviews on CIP/QIPP amendments
- 1201.04 ID to attend TB & give assurance of the Board Structures

12/020 External Audit progress report (Doc 3)

20.1 AW reported that the North London contract to provide External Audit services had been won by KPMG and the current audit team will TUPE to KPMG. AW will still work on the 11/12 Audit but the Audit Plan for 2012/13 will not be available until September 2012. There were no significant issues to raise as the value for money and financial resilience were on course.

20.2 AW highlighted page 4 paragraph 16 Treasury Alignment Project but felt there would be no significant impact on Whittington Health. A dispensation had been obtained by the Department of Health for this year for merger accounting but just for this year.

20.3 SR commented on the paragraphs relating to “Monitor’s Review of Transforming Community Services Transactions” as she felt that the onus is on Whittington Health to explain what it is seeking to achieve and why for Community Services.

20.4 SR felt that contrary to the statement in paragraph 35, Community Services for Islington and Haringey had provided CIPs both historically and currently.

20.5 PF enquired if there was anything in Monitor’s Review that should be a red flag for Whittington Health and AW confirmed that there were no such issues. She emphasised paragraph 4 of the External Audit Progress Report regarding the website containing a section aimed exclusively at NEDs.

12/021 Internal Audit Progress Report & Plan (Doc 4)

21.1 ID outlined the report and stated IA expected to finish the 2011/12 audits by the end of March/early April. Except for HR all areas carried substantial assurance. HR items that were highlighted as needing to be

addressed were file encryption of transfer of files. SA confirmed that both Parkhill and HR will be undertaking spot checks of files. SR was concerned that other issues could emerge but whilst FS explained that different managers currently own different systems, where there are anomalies Information staff will work with the relevant managers. However, there was no Information Governance transfer from the Community.

21.2 RM asked if HR accepted Audit findings. AF felt that when Royal Free staff were taken on the service was first class from Whittington HR Staff in comparison to the Royal Free. SA stated CRB disclosures were on file and they should have been destroyed.

21.3 RM referred to ref 9.1 Outstanding Audit Recommendations and confirmed 80% of Non NHS invoices needed to be paid for the best practice category for Monitor. He confirmed virtually zero interest had been charged for invoices paid over 30 days but stated £250k was still awaited from NCL for Charitable Funds relating to Community Staff.

21.4 ID confirmed some BAF assurance items were picked up at the Deep Dive session in the morning.

21.5 Audit Plan 2012/13: ID stated he had met with the Executive Directors and in addition the Plan had also been discussed in the Audit Committee morning session. As a result Business Continuity and EPR would be added but Quality Accounts removed from the plan. It was agreed that the plan would be sent out via email and PF said it would be useful to see phasing during the year and to look again at this in July. In addition a risk profile is to be added to the end.

ID

12/022 Recommended Bad Debt write off (Doc 5)

22.1 RM stated the largest debt is for an overseas visitor and this area has received limited assurance from it's audit. SA felt that staff can do more at the front line and more training is needed. It was confirmed that Matt Boazman and Patricia Collins were the lead managers. PF asked that this issue is accelerated with Matt Boazman and reported back to May Audit Committee. The Bad debt write-offs were approved.

MDS

12/023 Tender Waiver Report (Doc 6)

23.1 AF confirmed that by April there will be an integrated procurement system.

23.2 In answer to RA's query on details provided in the reports AF confirmed that the principle criteria is to go out to tender. There was however, a significant difference between the community and the Whittington with regards to procurement systems but AF stated rigour is being taken. AF confirmed that if a waiver does not stand up to scrutiny after checking with managers it is not signed off and anything procurement are not happy with is passed to RM.

23.3 AF stated the inventory was a 51,000 product line and is now 26,000 after the move to e-procurement. AF felt that set against these figures 6-7 waivers is pretty good in his experience. AF stated he has instructed the relevant manager to provide more information in future reports to

Audit Committee.

- 23.4 RA confirmed the Procurement team had contributed to the CIP and he had been impressed by the activity but he agreed the wording for the Tender Waiver report needed to be more accurate.

12/024 Updated Board Assurance Framework (Doc 7)

- 24.1 YMK updated the meeting from the Executive Team Away day and produced copies of a presentation outlining the agreed updated Executive meeting structures. The new structure clarifies CIP/QIPP accountabilities and includes horizon scanning for more than 2 years forward. YMK welcomed comments before this paper goes to the next Trust Board. SR welcomed the clarity this document provided.
- 24.2 RM emphasised it was wrong to think the Divisions were to be given a lot of autonomy but at the same time in the future the structure could change further. SR felt she could see how this structure could deliver what is needed and ID approved the moderation of the BAF at Executive Committee before it comes to Audit.
- 24.3 RA was pleased to see transformational issues at QIPP and plans for cross cutting issues.

12/025 Mandatory Training (Doc 8)

- 25.1 MB said that in her judgement she is confident the percentage of completed training will be improved by 31st March 2012 as there is currently a lot of activity but she could not confirm that it would hit 75%.
- 25.2 RM asked if everyone completed the e-learning would that help but MB said that due to Resus and Fire Safety being face to face training it would mean this is unlikely that the 75% would be achieved.
- 25.3 PF asked if there was still an issue of data quality and BS said that there are still staff not being listed under the correct manager.

12/026 Information Governance Report (Doc 9)

- 26.1 FS reported to the Audit Committee on the Information Governance Toolkit Assessment for 2011-12. FS confirmed that all areas will be compliant at level 1, with none at level zero. However some will not achieve level 2. This has come about as a result of the transfer in of community services. NCL had reported that it was not possible to specifically provide the legacy community services IG evidence and therefore Whittington Health is starting from scratch. The implication of only achieving level 1 is not satisfactory in terms of the FT submission.
- 26.2 RM asked about CQC and CNST risk. BS confirmed that Whittington Health has just been awarded level 1 assessment for CNST. FS said it could affect CQC compliance. ID asked if the score had gone down from last year. FS advised that it will in light of previous explanation.
- 26.3 FS assured the audit committee that she is micromanaging the IG toolkit submission process at present. She commissioned an expert from Sheffield to assist and she and the IG manager are systematically working through each item.

- 26.4 FS confirmed that resource is a pressure against a benchmark of other local Trusts but that RM had agreed additional resource could be brought in for 2012/13.
- 26.5 IG training is being monitored to see where there gaps amongst staff groups. Where there is no access to PCs (i.e. porters) the staff are being trained on a face to face basis.
- 26.6 As discussed in the morning session Data Quality comes within Information Governance and improvements will be actioned as described.
- 26.7 PF asked where are the tangible risks and FS advised that this was staff IG knowledge as without training they would be less likely to conform with policies and procedures. FS felt that while the organisation has to put systems in place training of staff to raise awareness of issues is paramount.
- 26.8 FS advised that all IG related policies had been refreshed.
- 26.9 SR was concerned about the sophistication of the message and felt that often failing to share information when staff should is an issue. FS stated the IG Toolkit is very prescriptive about making data anonymous before sharing. However, the Caldicott Guardian, Maria Barnard receives 50 queries a month with staff asking what is allowed to be shared specifically relating to clinical issues.
- 26.10 FS advised that the IG toolkit submission will be audited by Parkhill in April and that she will meet with them to determine the scope of the audit.
- 26.11 FS confirmed there is an action plan outlining how Whittington Health expects to get to full level 2 compliance and an IG Steering Group that meets regularly to review progress with this.
- 26.12 The Toolkit is due on the 31st March and this item to return to Audit Committee in July.

12/027 Any Other Business

SIGNED..... (Chairman)

DATE.....