

The Whittington Hospital NHS Trust

AUDIT COMMITTEE ANNUAL REPORT TO THE TRUST BOARD 2008-09

Introduction

The purpose of this paper is to report to the Trust Board ("TB") on how the Audit Committee ("AC") has met its Terms of Reference ("ToR").

The last AC annual report to the TB was dated September 2008.

In June 2008, the TB approved new TORs for the AC reflecting the decision to integrate the remit of the AC with that of the Assurance Committee. This was viewed as a further development in integrated governance, combining the analysis and monitoring of financial and non-financial risks within one sub-committee of the board. Anna Merrick remained as chair and all other non-executive directors, with the exception of the chairman of the board, were appointed members. The quorum is two members.

Executive director attendance is normally the Director of Nursing and Clinical Development, the Medical Director, the Finance Director, the Director of Facilities and the Director of Planning and Performance. Other directors and officers attend where appropriate and if requested by the committee. Deputies attend if directors are not available and the committee is serviced by the trust corporate secretary.

Frequency of meetings

Meetings are more frequent reflecting the expanded role of the committee, and were held in June, September, and November 2008, and January, March, May, June and July 2009. The normal cycle is bi-monthly but a special meeting was held in June to comply with Department of Health annual accounts timetable. Of the eight meetings held from June 2008 to July 2009, the chairman of the AC and the former chairman of the Assurance Committee attended all meetings. Other non-executive attendance was less regular and on two occasions the committee was only just quorate. However revised reporting processes have been designed to ensure continuous non-executive involvement.

Reporting to the Board

In response to the increased scope of the committee's work and the need to provide assurance to the board that the committee is carrying out its function, the reporting mechanism has been adapted. Previously the Board had received formal minutes (often some time after the AC meeting), a verbal report from the AC chairman to the board and a written annual report. The AC meeting is now timed so that action notes are received at the trust board meeting within a fortnight of the AC meeting. There is also a written report to

the board highlighting any items requiring the board's attention or view. Progress on actions is followed up at each AC and the board is therefore kept informed of any outstanding matters. The system of quick circulation of action notes has also been adopted by the Trust Board and is seen as a useful tool for ensuring efficient board oversight.

Audit Services

Internal Audit services and Local Counter-Fraud services are provided under contracts to the Trust by Parkhill Audit Agency. These contracts were due for re-tendering on 1st April 2009, but have been extended for a further year for continuity during the period of the NHS London provider landscape review. External Audit continues to be carried out by the Audit Commission. The auditors attended all AC meetings with the exception of July 2009 which focussed on clinical governance and health and safety issues.

The AC and auditors have an opportunity to meet privately at each meeting. A private meeting was held at the beginning of the meeting on 9th June, when aspects of the trust's statement on internal control were discussed.

Main areas of activity

The AC followed a planned programme of Agendas closely related to the models shown in the HFMA NHS Audit Committee Handbook. The key matters covered were:

- Annual Audit Plan
- Annual Accounts
- Annual Audit Letter
- Regular review of the Board Assurance Framework (BAF) and Risk Register
- Processes for self-certification on standards for better health and quarterly monitoring reports to NHS London

Each individual meeting also addressed a standard set of Agenda items including

- Report from the Clinical Governance Committee
- Report from the Health and Safety Committee:
- Internal Audit update
- External Audit update
- Local Counter-Fraud report
- Tender Waiver report
- NHS debtors greater than £5,000 and over six months old
- Recommendations for write-off of non-NHS bad debt

The main areas of focus during the period were the following:

- Refining the content and process for updating the BAF to ensure that it is a working document informing board decision-making, contributing to the identification of management objectives and influencing the work programme
- Ensuring that lessons and actions arising from Serious Untoward Incidents are followed up and incorporated in the BAF
- Assessing the need for third party accreditation of progress in implementing health and safety recommendations
- Monitoring the trust's performance on infection prevention and control and the measures taken to reduce the incidence of MRSA bacteraemia in particular
- Monitoring progress on implementing internal audit recommendations particularly in the four areas of limited assurance

Main Conclusions

The AC gained substantial assurance that the governance arrangements of the Trust were robust and that business, financial and clinical risks were being adequately managed.

The District Auditor's Annual Audit letter was extremely positive and the head of internal audit opinion gave significant assurance on the overall system of internal controls which formed the basis of the trust's statement on internal control. However, following discussion with auditors, disclosures on internal control weaknesses were made on infection control, decontamination, records management and payroll documentation. The action plans in these areas will be closely monitored by the Audit Committee in the current year.

The external auditor commended the finance team on their performance in producing the annual accounts for 2008/09. The trust was awarded an overall ALE score of 4 (excellent).

Formal Conclusions

A key requirement of the operation of the AC is to assess and confirm formally that risk and assurance systems are in place and adequate.

The AC therefore confirms that :

- It has reviewed and recommended to the Trust Board the draft Statement of Internal Control
- It believes that the overall risk management systems are at least adequate for the effective governance of the Trust.

The dissolution of the Assurance Committee and the integration of its oversight role has significantly widened the remit of the AC. The AC considers that this revised governance structure will avoid any overlap and duplication. On the recommendation of the internal audit report on governance, the new committee structure has been reviewed by the non-executive directors at a board seminar and concluded that the revised AC was fit for purpose.

Anna Merrick
Chairman, Audit Committee
7th September 2009