

WHITTINGTON HEALTH TRUST BOARD**27 March 2013**

Title:	Report from the Audit & Risk Committee		
Agenda item:	13/048	Paper	9
Action requested:	For information		
Executive Summary:	<p>In the course of its meeting on March 7, the Committee:</p> <ul style="list-style-type: none"> • Reviewed the latest version of the Corporate Risk Register and Board Assurance Framework (BAF). We recommended a number of changes to the BAF, including revised ratings for selected risks and further clarity on action plans to address control gaps • Conducted a deep dive into the status of the Divisional risk management processes, which are being upgraded to reflect the Trust's agreed risk management strategy. The Committee noted that the upgrade has some way to go – particularly in embedding practices for incident reporting, risk assessment, the use of risk registers, response to complaints and risk management training. We noted the Executive's Committee's recent decision to invest in additional resources at Division level to support these critical practices. • Reviewed the strategic risks associated with potential London-wide reconfigurations of services such as maternity, pathology and cancer. We emphasised the importance of taking a proactive approach to the opportunities and risks. • Conducted another deep dive into risks related to information technology and information governance. We noted with concern the delays now expected in the implementation of both phase 1 (to Aug 2013) and phase 2 (to Oct 2014) of the EPR project. • Also noted with concern a report that the Trust will not achieve Level 2 of the Information Governance (IG) Toolkit by the target date of March 31. A revised target date of June 30 has been set, with its achievement still very dependent on the takeup rate for IG training. • Reviewed a report on clinical negligence claims and CNST insurance premiums • Reviewed a report on the tender waiver process and 		

	<p>specifically how the Trust can assure itself on value for money in such circumstances. The Committee has asked for more information on this topic, to be reviewed at its next meeting</p> <ul style="list-style-type: none"> • Provided input to the draft Internal Audit plan for 2013/14 • Approved a slightly revised template for the 2012/13 Annual Accounts 						
Summary of recommendations:	For noting						
Fit with WH strategy:	The Audit Committee is responsible for monitoring risks to the delivery of WH strategy						
Reference to related / other documents:	Minutes from the previous meeting meeting of the Committee on November 8 (attached). Board Assurance Framework (separate agenda item).						
Date paper completed:	20 March, 2013						
Author name and title:	Peter Freedman Chair of Audit and Risk Committee			Director name and title:	Richard Martin, Director of Finance		
Date paper seen by any other group/which	N/A	Equality Impact Assessment complete?	N/A	Risk assessment undertaken?	N/A	Legal advice received?	N/A



**Draft minutes of Whittington Health Audit & Risk Committee
held on Thursday 17th January 2013**

Present	Peter Freedman	PF	Non-executive Director (Chair)
	Robert Aitken	RA	Non-executive Director
	Paul Lowenberg	PL	Non-executive Director
	Yi Mien Koh	YMK	Chief Executive
	Richard Martin	RM	Director of Finance
	Phil lent	PI	Director of Estates & Facilities
	David Williams	DW	Assistant Director of Governance
	Andrew White	AW	KPMG Auditor
	Anthony Smith	AS	KPMG Auditor
	Max Lai	ML	Parkhill Audit Agency
	Louise Morgan	LM	Trust Company Secretary

Minutes: Vivien Bucke VB Business Support Manager, Finance

13/001	<u>Welcome and Apologies for Absence</u>	Action
1.1	Apologies received from Martin Kuper, Bronagh Scott, Margaret Boltwood & Surinder Ahir	
13/002	<u>Draft Minutes of the Audit & Risk Committee November 8th 2012 (Paper 1)</u>	
2.1	The minutes were agreed as a correct record.	
13/003	<u>Action Notes & Implementation Tracker (incl. Internal & External Audit Recommendations (Paper 2))</u>	
3.1	1209.03 VB to send the revised Temporary Staffing Policy to the Non Executive Directors. <i>(completed)</i>	
3.2	1211.03 NCL process of arbitration – RM reported he had met with the current NCL Finance Director and had been assured all outstanding debts will be cleared. There was a commitment to resolve community estate issues including the non recurrent settlement for off site premises e.g. St. Ann’s. Displacement costs incurred as part of the move from sites such as St. Ann’s would be subject to negotiation in terms of a financial settlement. RM to update in March.	RM
3.3	1211.12 YMK agreed to chase Glenn Winteringham with regard to the IT Risk Register actioned being completed and to ensure GW attended the March Audit & Risk Committee.	YMK
3.4	IA outstanding action 2.06 – timing of budget statements. RM explained that the 5 day target for month end reporting is an internal target imposed on Finance by Finance. Whilst it is proving increasingly difficult to achieve this target all FIMS returns are submitted to NHS London on time.	
13/004	<u>External Audit Progress Report and Technical Update Paper (Paper 3)</u>	
4.1	There was discussion of the risk of ‘gaming’ performance targets, as highlighted in the report. In this context, it was noted that the Commissioners had posed a Contract Query regarding handover times between an Ambulance arriving and booking in a patient. RM confirmed that there may be an element of data quality as well as performance. The outcome of the	

	investigation on this to be reported back to Audit Committee.	MDS
4.2	In answer to PL's query on Boardroom diversity AW confirmed that it is not required that the Trust publish data on this. LM confirmed Boardroom diversity is a factor in the BGAF.	
13/005	<u>External Audit 2012/13 Audit Plan and Fee (Paper 4)</u>	
5.1	AW confirmed external audit is now being provided by KPMG, although the statutory requirements of the audit remain the same. She highlighted several aspects of the audit approach and ways of working, as included in the Audit Plan. She stated that a 40% reduction in fee had been mandated but emphasised that the standard of work had to remain the same despite less time being allocated to it. As an example, both AW and AS will not attend all Audit Committees and would leave after the External Audit items. AW confirmed that, based on their prior knowledge of the organisation, they saw no reason why they would need to request additional resources to complete the audit, as long as the requirements placed on WH (page 15) were met. The Audit Plan was agreed.	
13/006	<u>Charitable Funds Annual Accounts 2011/12 (Paper 5)</u>	
6.1	AS introduced the report but said that the wording of point 1 page 4 would be amended and an updated copy provided. (<i>this has been completed</i>). KPMG had proposed an unqualified opinion. RA asked that the report be amended to show that responsibility for PCT charitable funds was transferred in 11/12 but the funds themselves were not transferred until August 2012. Following a question from PL on the proportion of expenses devoted to governance, it was agreed that PL/RA would discuss this outside of the meeting. RA asked that it be noted in the report that a new fundraiser had been hired.	AS
13/007	<u>Internal Audit Progress Report (Paper 6)</u>	
7.1	ML reported substantial assurance on audits of Cash Management and the Financial Ledger. Regarding the follow-up of prior Internal Audit recommendations, it was agreed that in future ML and RM should ensure that management provides updates to Internal Audit on a timely basis prior to each Committee meeting.	ML/RM
13/008	<u>Implications of the HDD2 report (Paper 7)</u>	
8.1	RM reported that, following the HDD2 update, none of the 37 indicators are now red, although 12 remain amber rated, with suggested actions listed. There is a need to finalise which staff will take responsibility for the actions and RM noted that he had queries on the accuracy of some items. It was agreed that RM would meet urgently with Deloitte to confirm that the proposed action plan fully addresses their recommendations, before HDD2 is submitted to NHS London. RM also highlighted the Business Plan assumptions and that further action was required against the Working Capital Balances in the LTFM (page 7). Audit Committee noted the report.	RM
13/009	<u>Health and Safety Dashboard Report (Paper 8)</u>	
9.1	PI reported that all assurance methods and committees remain in place and appropriate to their tasks. He informed the meeting of an error in the Dashboard in that conflict training is now at 75% and therefore Amber.	
9.2	As legislation changes, PI felt that the workload for the Health and Safety Committee had expanded and noted that it is becoming difficult to handle within the current 3 meetings p.a. There are also now 6 sub committees reporting to the Health and Safety Committee. Therefore the thinking is to move to holding this Committee 6 times a year.	

9.3	In response to a question from PL, PI confirmed that feedback from the Patient Safety walkabouts was logged and any subsequent actions followed up by the Health and Safety Advisor (James Ward). In addition the Quality Committee monitors these reports. DW agreed to ascertain how feedback can be given to the person raising an action.	DW
9.4	In summarising the discussion, PF requested that the Health & Safety Committee cement its increased focus on risk management by checking that all important Health & Safety risks are captured in the relevant Divisional Risk Registers. This should ensure that the risks also get full attention from operational and clinical management.	PI/DW
13/010	<u>Proposal to revise the standing financial instruction Tender and Quotation thresholds for works (Paper 9)</u>	
10.1	PI confirmed the report had incorporated comments requested by the Finance & Development Committee and PI was seeking ratification by the Audit Committee. It was agreed to simplify the tender thresholds further to '4 tenders to be submitted via Tactica for works estimated to be valued between £50,000 to £500,000' and '.... 5 tenders.....between £500,000 to OJEU threshold'. PI to work with Finance & Procurement to action and include in the Standing Financial Instructions.	PI
13/011	<u>Recommended Bad Debt Write Off (Paper 10)</u>	
11.1	Approved.	
13/012	<u>Tender Waiver Report (Paper 11)</u>	
12.1	Following discussion it was agreed that when a system is first procured not only the purchase price should be negotiated, but the whole life cycle cost should be included such as maintenance costs. PL asked for a value for money note on waivers to demonstrate the proposed terms do indicate the best price. The committee did not feel that sole provider was evidence for best value. RM was asked to gain more information on the two JAC pharmacy Computer System items. As the authorising Executive Director, RM agreed to give notice that he will not sign off waivers without substantially more evidence of value for money. However RM emphasised that he cannot leave essential equipment without maintenance. The Internal Auditor stated that Procurement should be indicating future contracts up for renewal and he was asked to check SFIs and best practice for other Trusts.	RM/AF ML
12.2	RA asked for more information on the waivers for purchase of Mezzanine flooring and 6 facet survey, as comments indicated suppliers have been approached on price. A Deep Dive into Procurement was agreed for the March meeting. The Committee noted the report with deep concerns and actions requested.	RM/AF
13/013	<u>Review of the Board Assurance Framework (Paper 12)</u>	
13.1	LM summarised the report including the processes that link the Divisional and Functional Risk Registers, the Corporate Risk Register and the BAF. After discussion it was agreed that horizon scanning as listed in Figure 1 should be defined as external influences and the link between the BAF and CRR should be shown as two-way.	LM
13.2	PL queried how external partners' feedback is assessed. YMK confirmed that feedback comes via the Transformation Board. It was agreed there should be feedback to Audit & Risk Committee from the Transformation Board (after each Board) plus any key committees and the CEO report to the Board.	

	YMK to action and report back to the Trust Board on procedural changes.	YMK
13.3	With regard to the updated BAF itself, the Committee noted that latest version now makes explicit the linkage between each strategic risk and any relevant risks on the Corporate Risk Register.	
13.4	It was agreed that five other potential risks should be risk rated so that their inclusion on the BAF can be considered,	LM
13.5	After a discussion on alignment with the IBP, the top five 5 Non Financial Risks were agreed as: CCG support; Quality impact of CIPs, Staff Engagement; Organisation development; and the FT application. PL to put comments on BAF in writing to LM.	PL
13/014	<u>Review of the Corporate Risk Register (Paper 13)</u>	
14.1	Paper postponed to March Committee Meeting to ensure sufficient time for discussion.	
13/015	<u>Update on CNST claims (Paper 14)</u>	
15.1	Paper postponed to March Committee Meeting to ensure sufficient time for discussion.	
13/016	<u>Transforming Patient Experience</u>	
16.1	Reflecting on the lessons learned from the TPE project, the discussion centred on the benefits of a more formal Programme Management Office to support all transformational projects. YMK informed the Committee that following discussion at the Executive Committee it had been decided to create a PMO. PF asked that Audit Committee look at the Terms of Reference of the PMO at the March meeting.	YMK/MdS
16.2	PL emphasised the importance of having very explicit links between the appraisal system and transformational goals. The Whittington corporate objectives and themes of change should be incorporated in the appraisal and work plan system. PF asked that this also be linked to clinical staff appraisals.	MB
13/017	<u>Report on the potential risks to Whittington Health of London wide service reconfigurations (Paper 15)</u>	
17.1	Paper postponed to March Committee Meeting to ensure sufficient time for discussion.	
13/018	<u>Tariff Deflation</u>	
18.1	Verbal update postponed to March Committee Meeting to ensure sufficient time for discussion.	
13/019	<u>Early thinking on 2013/14 Internal Audit Plan</u>	
19.1	PF/ML/RM to meet early February. (Item Postponed to March Committee Meeting to ensure sufficient time for discussion).	RM
13/020	<u>Any Other Business</u>	
20.1	None	

SIGNED..... (Chairman)

DATE.....