

**TRUST BOARD****22 May 2013**

<b>Title:</b>	<b>Report from the Audit &amp; Risk Committee</b>		
<b>Agenda item:</b>	<b>13/078</b>	<b>Paper</b>	<b>9</b>
<b>Action requested:</b>	<b>For information</b>		
<b>Executive Summary:</b>	<p>In the course of its meeting on May 16, the Committee:</p> <ul style="list-style-type: none"> <li>• Received reports on three recently completed <b>Internal Audit reviews</b>, covering Service Line Management, certain aspects of CQC compliance and Data Quality. The first two reviews provided Substantial assurance but data quality received only Limited assurance (see below).</li> <li>• Discussed current <b>procurement practices</b>, in construction projects and more generally. The Committee remains concerned at the frequency with which the requirement for formal tenders is waived, without consistent evidence of value for money. It has asked the procurement function to report back on how it can improve the process without disrupting the smooth running of the Trust.</li> <li>• Conducted a deep dive into <b>data quality</b>, flagged by the Internal Audit report. Were main concerned that there is a need significantly to improve controls and assurances on the quality of clinical and performance data across the Trust. The Committee noted the extensive action plan underway to provide this assurance, which appropriately prioritises the most important types of data.</li> <li>• Reviewed a report on progress towards compliance with the <b>Information Governance (IG) Level 2</b> Toolkit. It is clear that the Trust will not comply by the revised deadline of June 2013, due primarily to the difficulty of reaching the 95% target for IG training. The Committee encouraged HR to learn from other Trusts that have recently succeeded in meeting this target.</li> <li>• Conducted another deep dive into the progress in embedding <b>integrated risk management</b> across the Trust, on this occasion with the management of the ICAM Division. The Committee noted the action plans to accelerate the embedding process, which include training, standardising processes, additional staff</li> </ul>		

	<p>resource, closer integration with the performance management systems, and leadership from the Divisional Board.</p> <ul style="list-style-type: none"> <li>• Heard a Quality Assurance report from Internal Audit on the <b>implementation of the Electronic Patient Record</b> across the Trust. In general the auditors were able to provide positive assurance. However, the Committee was concerned again to note some gaps in IT governance processes and requested separate executive action to address these.</li> </ul>						
<b>Summary of recommendations:</b>	For noting						
<b>Fit with WH strategy:</b>	The Audit Committee is responsible for monitoring risks to the delivery of WH strategy						
<b>Reference to related / other documents:</b>	Minutes from the previous meeting of the Committee on March 7 (attached). Board Assurance Framework (separate agenda item).						
<b>Date paper completed:</b>	17 May, 2013						
<b>Author name and title:</b>	<b>Peter Freedman Chair of Audit and Risk Committee</b>			<b>Director name and title:</b>		<b>Richard Martin, Director of Finance</b>	
<b>Date paper seen by any other group/which</b>	N/A	<b>Equality Impact Assessment complete?</b>	N/A	<b>Risk assessment undertaken?</b>	N/A	<b>Legal advice received?</b>	N/A

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**Draft minutes of Whittington Health Audit & Risk Committee  
held on Thursday 7<sup>th</sup> March 2013**

<b>Present</b>	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
	Fiona Smith	FS	Director of Planning and Programmes
	David Williams	DW	Assistant Director of Governance
	Phillipa Marszall	PM	Head of Corporate Governance & Risk Management
	Anthony Smith	AS	KPMG Auditor (Item 13/024)
	Paul Grady	PG	Parkhill Audit Agency
	Nigel Sedgwick	NS	Parkhill Audit Agency (Item 13/026)
	Philip Acott	PA	Parkhill Audit Agency (Item 13/040)
	Martin Kuper	MK	Executive Medical Director
	Lisa Smith	LS	Assistant Director of Nursing
<b>Minutes:</b>	Vivien Bucke	VB	Business Support Manager, Finance

<b>13/021</b>	<b><u>Welcome and Apologies for Absence</u></b>	<b>Action</b>
21.1	Apologies received from, Bronagh Scott, Margaret Boltwood, Louise Morgan, & Maria Da Silva.	
<b>13/022</b>	<b><u>Draft Minutes of the Audit &amp; Risk Committee 17<sup>th</sup> January 2013 (Paper 1)</u></b>	
22.1	The minutes were agreed as a correct record.	
<b>13/023</b>	<b><u>Action Notes &amp; Implementation Tracker (incl. Internal &amp; External Audit Recommendations (Paper 2)</u></b>	
23.1	1203.02 Development of an Information strategy – FS stated that there are insufficient skills in house to write the strategy but in the meantime a communication engagement has been circulated and the performance management framework by Naser Turabi has been discussed with headline consensus from the Divisions. The bid to Commissioners to purchase Qlikview has been won and implementation will be the responsibility of the programme manager arriving in April who will take this on and provide live information to managers to target management actions. FS confirmed an information strategy is not a requirement of the FT application. FS said that she hoped to spend remaining monies from the Qlikview bid (£190,000) to bring in an interim to write the Information Strategy. PF stated it is a serious concern of the Committee that, a year on from identification of the need for a strategy, it has still not been completed.	
23.2	FS confirmed patient safety was discussed at the EPR board and it was agreed that NHS patient number would become a mandatory field for clerks to input. In addition a Data Quality group meets weekly and is chaired by Naser Turabi, Performance Manager, with the Caldicott Guardian and Assistant Director of Information in attendance.	
23.3	1209.02 Management of Bank & Agency Spend Update – Lisa Smith confirmed that for the first time in December 2012 the CIP target had been exceeded. Initial indications for January 2013 are that the target has been met but further validation is taking place within the finance department. It has	

	been agreed to recruit on a fixed term basis to cover maternity leave posts. There continues to be a vacancy rate of 13% but there are continued recruitment days taking place. In some areas emergency leave for carers has been misinterpreted and booked in advance and this is being looked at by the Director of People. There is good progress in reducing Agency Spend but spend will continue in some areas such as Neonatal, with NHS London looking at ways to ensure enough staff are available across London. There will be ongoing monitoring of this item through the Finance & Development Committee.	
23.4	1211.03 NCL process of arbitration - RM informed the Committee that as of 28th February the debt was £2m and there was evidence that NCL was trying to reduce this further. £1m of the debt is aged 1-3 months and the debt is getting younger. There is no net risk, given that NCL is also a creditor.	
23.5	1301.05 Feedback following Patient Safety Queries raised by a NED – DW agreed that feedback from any patient safety queries would be sent directly to the Non Executive Directors.	
23.6	1301.08 Best practice SFIs regarding renewal of procurement contracts that involve annual maintenance charges– PG said that contract renewal is not usually covered in SFIs but more usually at lower level departmental procedures.	
23.7	1301.10 Feedback from the Transformation Board – PL asked for clear feedback from both the Transformation Board and the Contracts Board and FS agreed that the new Programme Director (post paid jointly by each of the three organisations) could take on this responsibility. It was agreed that the Terms of Reference and the job specification would be sent to the Non Executive Directors and DW.	<b>FS</b>
23.8	Item 13/008 January 2013 HDD report – RM confirmed this had been produced with 12 amber ratings and shared with Deloitte. RM to contact Deloitte as nothing had been heard back from them with regard to the action plan.	<b>RM</b>
<b>13/024</b>	<b><u>External Audit Progress Report and Technical Update Paper (Paper 3)</u></b>	
24.1	RA asked about implementing the HMT requirements regarding tax arrangements for employees and temporary staff (page 4). It was agreed that the Director of People would be asked to report on compliance with this and also with the requirements of pension Auto-enrolment.	<b>MB</b>
24.2	YMK agreed to check Whittington against the Risk Assessment Framework. AS said that the interim report was largely completed and he had nothing to report and confirmed final accounts to early May/June meetings.	<b>YMK</b>
<b>13/025</b>	<b><u>Internal Audit Progress Report (Paper 4)</u></b>	
25.1	PG commented that in future he would be looking for a crisper turnaround than received for the QIPP report recently. The IT Toolkit received limited assurance. Corrective action on Payroll Leavers documentation was flagged. On the latter, at present there are no alarm bells but the actions are important and PG could provide benchmarks with performance at other Trusts.	<b>PG</b>
<b>13/026</b>	<b><u>Counter Fraud Progress Report (Paper 5)</u></b>	
26.1	NS reported on action note 1211.06 Self authorised timesheets. In terms of policy the new bank system (Healthroster) prevents staff authorising someone senior. PL asked that target dates are set for completion of cases	

	in future reports. NS said these were very difficult to estimate but typically a case of this type without legal proceedings is 3-6 months.	
<b>13/027</b>	<b><u>Draft Internal Audit Plan 2013/14 (Paper 6)</u></b>	
27.1	The discussion of the draft Audit Plan raised a number of possible additional investigation areas which Parkhill and the DoF were asked to consider. PL felt that an Internal Audit of complaints complaints handling might be needed given ongoing poor performance. YMK felt that a review of ED performance vs. the 95% target was required, although PG emphasised the need to be very clear on scope. YMK also suggested Representation of Ethnic Minorities at Senior Level. Lastly, PL suggested Community Waiting Times for Physio/Podiatry.	<b>PG/RM</b>
<b>13/028</b>	<b><u>Recommended Bad Debt Write Off (Paper 7)</u></b>	
28.1	RM confirmed that EU payments are received for EU nationals, but the Committee requested a scoping action to consider the benefit of a CIP to ensure capture of all overseas visitors (non UK) payments for 13/14.	<b>MDS</b>
<b>13/029</b>	<b><u>Tender Waiver Report (Paper 8)</u></b>	
29.1	RM said that a letter had been sent to all budget holders stressing the need to minimise waivers and in particular to include whole life costs. A number of waivers this month related to the bringing forward of capital from next year associated with the Ambulatory Care project. PL felt an integrated partner for the whole 5 years of the building programme is needed.	<b>PI</b>
<b>13/030</b>	<b><u>Procurement – minimising tender waivers and ensuring VFM (Paper 9)</u></b>	
30.1	The Committee requested that Phil lent attend the next meeting to provide additional information and assurance on the following points: <ul style="list-style-type: none"> <li>– The expected total value of the professional fees associated with the Ambulatory Care Centre</li> <li>– Evidence - in the absence of a tender - that Levitt Bernstein and TILT are delivering good VFM since total professional fees look high relative to total contract value</li> <li>– Why we do not seem to use standard framework contracts for design and maintenance – especially when time is a constraint on tendering</li> <li>– The legal basis of our tender waivers - whether urgency/time alone is a sufficient rationale</li> </ul>	<b>PI</b>
<b>13/031</b>	<b><u>Proposed Annual Accounts Template (Paper 10)</u></b>	
31.1	The Committee agreed the template in principle with a note that community transfer of properties on 1/4/13 be included.	
32.2	RM reported that the funding gap between NCL Estates and Whittington Health, based upon schedules provided by NCL was currently £600k. In addition there was no evidence that leases or service charges are in place with GP's leading to a further £550k gap. The Trust is continuing to try to engage NCL Estates and Finance in resolving this funding gap, although a response has not yet been received. This will be discussed at Executive Committee next week. RM said that If NCL continue to not respond or bridge the gap, the option is to either take the properties, recognising the risk, or not take the properties which then move to a property company who will potentially charge the true cost or a market rate anyway and there would be a lose of flexibility in use of the properties. The issue remains one of affordability for the 13/14 plan onwards. It is intended to raise this matter as part of a Trust Board Seminar on 13 <sup>th</sup> March.	

32.3	Post Balance Declaration: The Committee recognised the issues in the presence of the KPMG Auditor	
<b>13/032</b>	<b><u>Review of the Board Assurance Framework (Paper 11)</u></b>	
32.1	<p>The Committee made a number of suggestions to improve the latest version of the BAF:</p> <p>1.1 If we fail to secure Commissioner support for our IBP</p> <ul style="list-style-type: none"> <li>– Add action that TB should see reports from Transformation Board as additional assurance</li> <li>– Add action to obtain revised CCG convergence letter</li> </ul> <p>2.2. Stakeholder engagement</p> <ul style="list-style-type: none"> <li>– Gaps do not make sense as written</li> <li>– Need fuller set of actions to demonstrate that we are really listening to stakeholders</li> </ul> <p>2.3 Performance data</p> <ul style="list-style-type: none"> <li>– Gaps should reflect that we are still awaiting confirmation of robust data quality following review of Cancer &amp; Endoscopy</li> </ul> <p>3.1 Staff engagement</p> <ul style="list-style-type: none"> <li>– Gaps and actions should reflect lack of specific strategy for consultant engagement and metrics to assess its effectiveness</li> </ul> <p>3.2 If we fail to deliver CIPs</p> <ul style="list-style-type: none"> <li>– Residual rating looks low – should this be 3x5=15</li> <li>– Gap to assure the transformational element of the CIP programme – esp to demonstrate its deliverability &amp; ensure support of clinicians</li> <li>– Actions to address the above gaps</li> </ul> <p>5.1 FT programme management</p> <ul style="list-style-type: none"> <li>– Mitigated risk rating looks low - should this be 3x5=15</li> </ul> <p>5.2 Management capacity</p> <ul style="list-style-type: none"> <li>– Mitigated risk rating looks low – Exec should review this</li> </ul> <p>In addition, it was suggested the Exec should consider whether to add risks relating to IT (esp EPR implementation) and the embedding of integrated risk management across the Trust</p>	<p><b>FS/LM</b></p> <p><b>LM</b></p>
<b>13/033</b>	<b><u>Risk Management Processes including Datix (Paper 12)</u></b>	
33.1	DW presented to the Committee his assessment that the organisation still has some way to go fully to embed integrated risk management and suggested the actions to be taken. He noted that input to Datix was still of a poor quality, there is a lack of understanding when an incident becomes a risk and there is work to do on the flow of information. Insufficient staff knowledge of risk management best practices is one cause and this might be best addressed by mechanisms other than e-learning. The central Risk Management team provides support and quality assurance by reviewing roughly 500 incidents per month.	
33.2	It was agreed that, going forward, the key locus of risk management should be the Divisions. MK confirmed that the Divisions will take on a Band 7 with responsibility for Governance/Audit & Quality as this has been the responsibility of Heads of Nurses and with their other duties this has proven difficult. MK said that coming out of the Francis report is also the need for a system to register concerns as well as actual complaints and for the Trust to show it has responded. It was noted that BS has produced a summary from the Francis Report. DW stated the Health Assure system will help monitor CQC compliance with its document management system. The Committee noted the report with concern and asked that the Divisions to provide future Committee meetings with their assessment of plans and progress on embedding integrated risk management.	<b>DW/LM</b>
<b>13/034</b>	<b><u>Review of the Corporate Risk Register (Paper 13)</u></b>	
34.1	DW confirmed the Corporate Risk Register is to go to Executive Committee	

	and is in the process of being updated with a lot of updates following the NHSLA project work. PF asked for alignment to the BAF layout and DW confirmed any risk scoring more than 16 is to be included on the BAF. PM said that a lot of work with the Divisional Management Teams had been undertaken and a lot more risk assessments produced. MK said that for the vein to vein blood tracking system the risk needs to be reviewed as he was not sure if one would be purchased. PL asked that 4.1 and 2.1 (Quality) on the BAF have a better link to the Corporate Risk Register.	DW/LM
<b>13/035</b>	<b><u>Report on the potential risks to Whittington Health of London wide service reconfigurations (Paper 14)</u></b>	
35.1	MK reported that new standards for maternity have been issued which will be a challenge to implement as there is no funding for them. There had been a debate at NHS London and discussion with the CCGs. 24 hour Consultant cover is required for labour wards and if the CCGs decide this is what they want it will have to be implemented. The Whittington is ahead of it's competitors in implementing the standards but this would be a cost pressure and could potentially drive reconfiguration to 3 areas at Barnet, UCH and N. Middlesex with a capacity of 3 x 8,000 units at each sector. It is not clear how this would improve safety. At present Friedericke Eben is producing a maternity business case and IHP are modelling the possibility of more maternity business coming to the Whittington. There is no operational agreement but it is recommended that the CCGs action.	
35.2	MK reported that Pathology service is out to tender and the Whittington has been able to say that due to service and staff reconfiguration we have made savings. The Whittington prices are lower than TDL in West London and the Whittington is popular with the commissioners. RM asked if there is an upside gain from other hospitals and MK felt that possibly Bariatrics; UCH is short of surgery and bed capacity and there is the potential for UCH to move orthopaedics off site.	
35.3	Regarding cancer, there was a proposal for all diagnostic work for breast and lung cancer work streams to be on one site. MK confirmed the Cancer Strategy for the Whittington is being looked at. MK was keen that interventional radiology is kept as strategic in terms of interventional procedures. It was confirmed that strategic partnering does happen but the biggest risk is quality in terms of advantages with new technology.	
35.4	PF summarised a series of additional actions to further mitigate the risks of service reconfigurations: <ul style="list-style-type: none"> <li>• Development of marketing brochures for each at risk service line (emphasising cost and/or outcome benefits of the Whittington service) and engaging proactively with the CCGs</li> <li>• Engagement with the National Commissioning Board on bariatrics and interventional radiology</li> <li>• Continued oversight at the April Finance &amp; Development Committee of a prudent growth strategy</li> </ul>	MK/FS
<b>13/036</b>	<b><u>CNST claims &amp; NHSLA premia (Paper 15)</u></b>	
36.1	RM reported that CNST is £4.5m per year and £4.9 next year an increase of 9.75% CW to update the Committee when more information is available from the NHSLA.	CW
<b>13/037</b>	<b><u>Update on recruitment to Contracts and Business Development post</u></b>	
37.1	FS reported that the job description had been approved and banded and this	

	would be advertised next week with interviews on the 22nd April. FS confirmed that there is no similar role outside the Whittington as the duties tend to get absorbed into other posts. FS to send job description to NEDs to view.	<b>FS</b>
<b>13/038</b>	<b><u>Update on Tariff Deflation Risk</u></b>	
38.1	RM stated that most prices from the national tariff reduced in 12/13 by 1.8% and into 13/14 the tariff deflator will be 1.1% although 1.3% had been used when the block was modelled. For 15/16 this will be -0.2% but with a mandatory downside risk of -0.5% this will flex to -0.7%. The national tariff is becoming an increasingly more minor component of how tariffs change each year.	
<b>13/039</b>	<b><u>IT Risk Register (Paper 16)</u></b>	
39.1	GW reported that the majority of phase 1 of the EPR project had been delayed until 21st August 2013. At present scripts are being written to test the software and are being monitored on a weekly basis with a full time member of staff working on this. YMK stated that the CCG required a named clinician field so they could refer back to the doctor seen previously.	
39.2	<u>Item 202</u> Delay in the support required from 3rd party suppliers : GW confirmed delivery of file this week. <u>Item 205</u> Rio contract to October 2015 – discussions had begun with BT and GW felt this will not be an issue for a planned leaving date of October 2014. There is a 6 month specification and prototyping leading to 9 months development and 9 months implementation. GW was actioned to produce a comprehensive risk register for IT/Information Strategy with the next iteration of the BAF to include EPR risks.	<b>GW</b>
<b>13/040</b>	<b><u>IT Risks : assurance on EPR implementation</u></b>	
40.1	The Committee requested a report for the May meeting and for regular assurance reports to be given to the EPR Board.	<b>PA</b>
<b>13/041</b>	<b><u>Update on Information Governance Toolkit submission (Paper 18)</u></b>	
41.1	FS outlined the paper. PF requested that page 6 of the Management Framework be amended to be clear that the role of the Audit & Risk Committee is to seek assurance on Information Governance, not be responsible for it.	<b>FS</b>
41.2	FS confirmed that level 2 of the Toolkit will not be attained by March 2013 in 11 areas however, it is possible to upload information by the end of June and the Parkhill mid-year audit should provide assurance that these areas are compliant. Therefore this should not affect FT application. PG said that there are spot checks undertaken throughout the year and it is more important to be candid on the reality of the situation as FS has reported. PL asked the risk of not achieving level 2 by the end of June and FS confirmed in mitigation there had been a lot of action with regard to records management and the Data Quality Group to ensure this will be achieved by June.	
41.3	It is now a requirement that all new starters receive Information Governance training within 30 days of starting and LS confirmed new nurses have to undertake IG training before they start. FS confirmed achieving Level 2 is a requirement of the FT application. In answer to PF's query on Data Quality FS said a longitudinal audit is missing but the root and branch review of Endoscopy will help achieve this and ensuring mandatory fields on EPR.	
41.4	FS reported 6 Serious Incidents in relation to Information Governance with 4	



	reported to the Information Committee office. 2 came back with no further action required, 2 awaiting to hear back and 2 needed more information to be submitted. PL queried the item on the Dr's patient list - 'doesn't meet ICO requirement' and DW confirmed that both the Risk and Planning & programmes team had had to input to get this report to the level required. FS said that the common theme was human error rather than system error.	
41.5	PL asked about encrypted USBs for Community and was told by GW that the timescale for all community PCs to be updated is the end of 2013 as a thousand PCS have to be deployed.	
<b>13/042</b>	<b><u>Terms of Reference for Transformation PMO</u></b>	
42.1	This was discussed at a cross directorate away day and agreed there will be a centralised PMO managed under Jo Ridgway to manage CIP and service developments. Conversations with divisions had agreed that this function includes change agents, process mapping experience, project managers and the PMO function will monitor and ensure milestones are met. The divisions have created wish lists that managers will process against the CIPs and this will go to Executive Committee next week and will be fully costed but the estimate is £1m. It is possible the recruitment process will be outsourced to speed up the process. The current staff affected have all been told what is happening and there is only a line management change for them. PAs for clinicians have been given consideration and project managers for SLM to work alongside clinicians as well as admin. Support for the Clinical Directors. YMK to send Paper to the Trust Board.	<b>YMK</b>
<b>13/043</b>	<b><u>Assessment of Committee performance 2012/13</u></b>	
43.1	PF asked members to list what worked and what could be improved. The main points were as follows: What's working well <ul style="list-style-type: none"> <li>• Focus on the BAF</li> <li>• Deep dives into risk areas</li> <li>• Scrutiny and challenge</li> </ul> What could still be improved: <ul style="list-style-type: none"> <li>• Ensure papers are shorter and more focused on actions</li> <li>• More focus on the right hand side of the BAF – esp actions</li> <li>• Engage Division more fully in Committee meetings – e.g. Divn Directors</li> <li>• Ensure Internal Audit more focused on strategic level issues</li> </ul>	<b>PF</b>
<b>13/044</b>	<b><u>Committee forward agenda 2013/14</u></b>	
44.1	To be discussed at next Committee meeting.	
<b>13/045</b>	<b><u>Non-Clinical Claims Report</u></b>	
45.1	The Committee noted the report but asked that future reports reflect what learning had come from these claims.	<b>RM/PI</b>
<b>13/046</b>	<b><u>Any Other Business</u></b>	
46.1	None	

SIGNED..... (Chairman)

DATE.....