

## Whittington Health Trust Board

26 June 2013

<b>Title:</b>	<b>Report to the Board from the Audit &amp; Risk Committee – 2012/13</b>						
<b>Agenda item:</b>	<b>13/093</b>		<b>Paper</b>			<b>9</b>	
<b>Action requested:</b>	<b><i>For approval</i></b>						
<b>Executive Summary:</b>	<p>During the year ended March 2013, the Audit Committee held 7 meetings, including two full-day sessions. A schedule of attendances and membership is included in the Trust's Annual Report.</p> <p>The structure of this report reflects the main duties of the Audit &amp; Risk Committee, as set out in the Terms of Reference.</p>						
<b>Summary of recommendations:</b>	The Board is recommended to discuss the report.						
<b>Fit with WH strategy:</b>							
<b>Reference to related / other documents:</b>							
<b>Date paper completed:</b>	6 June 2013						
<b>Author name and title:</b>		<b>Peter Freedman Audit Chair, Non-Executive Director</b>		<b>Director name and title:</b>			
<b>Date paper seen by EC</b>	<b>11/06 /13</b>	<b>Equality Impact Assessment complete?</b>	<b>n/a</b>	<b>Risk assessment undertaken?</b>	<b>n/a</b>	<b>Legal advice received?</b>	<b>No</b>



# **Report to the Board from the Audit & Risk Committee – 2012/13**

## **1. Introduction**

During the year ended March 2013, we held 7 meetings, including two full-day sessions. A schedule of attendances and membership is included in the Trust's Annual Report.

The structure of this report reflects the main duties of the Audit & Risk Committee, as set out in the Terms of Reference.

## **2. Risk management, internal control & governance**

The Committee has continued to focus on ensuring that the Board Assurance Framework (BAF) is fit for purpose as a record of the principal risks to the Trust's objectives and as a tool for managing those risks. To that end, we have worked further to improve the clarity of the risks and their executive "owners". This year we have also begun to improve the descriptions of related controls and assurances, along with the actions to address identified gaps in these.

Each year, as a result of our work, the 20-plus risks on the BAF change to some extent, reflecting new risks identified as well as the recognition that others may no longer require such close scrutiny at Board level. This year we have added five risks:

- The planning and management of the process to achieve Foundation Trust status
- London-wide service reconfigurations
- The embedding of integrated risk management across the Trust
- The implementation of the Electronic Patient Record (EPR)
- The development of a comprehensive Organisational Development strategy

The Committee has continued the practice of reviewing the management of selected risks through a rolling process of 'deep dives'. While the Committee has oversight of all risks on the BAF, we have focused most of our deep dives on risks that are not also scrutinised by other Board sub-Committees (specifically the Finance & Resources Committee, the Quality Committee and the Foundation Trust Steering Committee). The process, attended by the executive owner of the risk, provides an opportunity for us to understand and challenge the related controls and assurances along with actions to address risk management gaps.

During 2012/13 we conducted eleven such deep dives, covering: service reconfiguration; risk management processes (twice); EPR implementation (twice); staff engagement; Information Governance (twice); data quality; Service Line Management; and the management of major change programmes. All of these areas have been a particular cause for concern for the Committee and they remain so in 2013/14.

One of the Committee's regular duties is to review purchase tender waivers and bad debt write-offs. The former has been a particular focus during the year as the financial value of waivers has increased and the Committee will maintain its focus on this area in particular during 2013/14.

Throughout the year, we have also overseen the work of the Counter Fraud service and received reports from the Health & Safety Committee.

### **3. Internal Audit**

During the year we reviewed a total of 14 investigations by Parkhill, our Internal Auditors, into various aspects of the Trust's risk management, internal control and governance arrangements. Parkhill gave us substantial assurance in the case of 9 areas, adequate assurance in 3 and limited assurance (the lowest level) in 2.

The limited assurances apply to: data quality/NHS returns; and Information Governance. As noted above, both areas remain a source of concern for the Committee. The adequate assurances apply to the management of Bank & Agency, payroll, and the management of Cost Improvement Programmes (CIPs).

The Committee has had a private meeting with the Internal Auditors, which revealed no significant additional concerns.

At our March 2013 meeting, we reviewed the internal audit strategy and associated operational plans for 2013/14. These are focused on selected key risks in the BAF. The final Internal Audit plan for 2013/14 was approved in June 2013.

### **4. External Audit**

Our external auditors changed during the year, following the closure of the Audit Commission. Our new external auditors are KPMG and they attended their first meeting in January 2013.

The Committee reviewed and commented on all the reports from External Audit during the course of the year. Management's implementation of recommendations is again tracked through the action tracking system.

The Committee also met privately with External Audit (without any Trust executives) and no significant issues or concerns were raised.

### **5. Financial reporting**

We oversaw the routine approval of the final accounts 2012/13 and Annual Report. The external auditors gave an unqualified opinion on the Trust's financial statements for 2012/13.

### **6. Committee Effectiveness & Ways of Working**

As last year, the Committee reviewed its own effectiveness during its March meeting. It was felt that the Committee was particularly effective in the following areas

- The focus on the Board Assurance Framework

- The use of deep dives to better understand the management of selected risks
- Scrutiny and challenge to the executives

However, compared to best practice Audit Committees, it was felt that we should:

- Focus more on the “right hand side of the BAF” – i.e. the elements relating to gaps in controls and assurances and actions to close these gaps
- Engage Divisional management more in Committee meetings, pa
- Ensure that Committee documents are shorter and more focused on actions

The Committee has taken forward actions to address these improvement opportunities during 2013/14.

**Whittington Health Trust Board****26 June 2013**

<b>Title:</b>	<b>Report from the Audit &amp; Risk Committee</b>		
<b>Agenda item:</b>	<b>13/093</b>	<b>Paper</b>	<b>9.1</b>
<b>Action requested:</b>	<b>For information</b>		
<b>Executive Summary:</b>	<p>In the course of its meeting on June 6, the Committee dealt with a number of reports covering the Trust's governance and performance in the financial year 2012/13. In particular, we:</p> <ul style="list-style-type: none"> <li>• Reviewed and agreed the <b>External Audit Report</b>, which gave an unqualified opinion on the Trust's 2012/13 Annual Accounts. The Committee also noted three recommendations from our External Auditors, covering the Community estates transfer, CIP management, and the preparation of the Quality Account and Annual Report.</li> <li>• Agreed the <b>Board Representation letter</b>, which sets out representations on various aspects of both the financial accounts and the information provided to our external auditors</li> <li>• Approved the <b>Annual Accounts</b> and, subject to some mainly presentational changes, a draft of the <b>Annual Governance Statement</b>.</li> <li>• Reviewed the draft <b>Annual Report</b> and approved those specific elements within the Committee's remit – namely the Annual Accounts and Annual Governance Statement</li> <li>• Reviewed the draft <b>Quality Account</b>, with a focus on data quality. Having heard a number of reports from executive management, the Committee was assured on the accuracy of the specific quality and performance information contained in the Quality Account. The Committee expects to see continued improvement in data quality more generally over the coming months.</li> <li>• Agreed the <b>Head of Internal Audit's opinion</b>, which sets out the main findings of the Internal Auditor's work during the financial year 2012/13.</li> <li>• Agreed the latest version of the <b>2013/14 Internal Audit Plan</b>, while noting that this plan will need to be continually revised during the course of the year.</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>		N/A					
<b>Date paper completed:</b>		20 June 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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