

The Royal Wolverhampton NHS Trust

CHAIRMAN'S SUMMARY REPORT

Name of Committee/Group:	Joint Board Assurance and Audit Committees
Report From:	Chair of Joint Board Assurance and Audit Committees – Surrinder Kalirai
Meeting Date:	25 April 2013
Action Required by receiving committee/group:	For information and discussion
Aims of Committee: Bullet point aims of the reporting committee (from Terms of Reference)	<ul style="list-style-type: none"> • Internal Control • Internal Audit • External Audit • Financial Reporting • Corporate governance (compliance with terms of Authorisation, and constitution, Codes of Conduct, maintenance of Registers of Interest) • Information Governance • Research Governance • Education and Training • Audit and Effectiveness • Patient safety and experience • Management of non- financial risk • Legislative and regulatory compliance • Accreditation and assessment • Policy management framework • Internal audit reports relating to governance and risk processes
Drivers: Are there any links with Care Quality Commission/Health & Safety/NHSLA/Trust Policy/Patient Experience etc.	<ul style="list-style-type: none"> • Links with External Audit/NHSLA and Monitor when authorised • Links with CQC/NHSLA
Main Discussion/Action Points:	<p>The two committees meet once a year using a joint agenda. The key issues were:-</p> <ul style="list-style-type: none"> • The Head of Internal Audit Opinion was discussed, which noted that the majority of audit opinions were positive. Overall Internal Audit had given the Trust significant assurance.

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	<ul style="list-style-type: none"> • The draft Annual Governance Statement for 2012/13 was received and approved subject to some minor changes. • Internal Audit presented a progress report of audit work undertaken since the February meeting of the Audit Committee. Five Internal Audit reports had been finalised with one amber/green opinion and the others were green/no issues. • The Joint Committee reviewed the activities of both committees for the last twelve months. • Internal Audit presented the Internal Audit Strategy 2012/13 – 2014/15 setting out the detail in developing the strategy and the annual plan for 2013/14. • A report on CQC compliance of essential standards of Quality and Safety was received. This is regularly reviewed at the Board Assurance Committee and there is a robust action plan in place to deliver all areas of compliance. • External Audit presented a progress report on activity since the February meeting of the Audit Committee. • The annual review of the Terms of Reference for both committees was deferred due to the Governance review being undertaken.
<p>Risks Identified: Include Risk Grade (categorisation matrix/Datix number)</p>	<p>None.</p>

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Minutes of the Joint Meeting Audit Committee/Board Assurance Committee

Date Thursday, 25 April 2013
Venue Conference Room, Hollybush House
Time 12.30 pm

Present:	<u>Name</u>	<u>Role</u>
Chair of joint meeting	Surrinder Kalirai – Chair Audit Committee	Non-Executive Director
	Balsinder Jaspal-Mander - Chair - Board Assurance Committee	Non-Executive Director
	Jeremy Vanes	Non-Executive Director
In Attendance:	<u>Name</u>	<u>Role</u>
	Kevin Stringer	Chief Financial Officer
	Sandra Ness	Deputy Chief Financial Officer
	Mark Jones	PricewaterhouseCoopers
	James Howse (part)	PricewaterhouseCoopers
	Glen Palethorpe	RSM Tenon
	Maria Arthur	Head of Governance & Legal Services
	David Loughton (part)	Chief Executive
	Cheryl Etches	Chief Nurse
	Richard Harris (part)	Chairman
	Adrian Sargent	Trust Board Secretary
	Anne-Louise Stirling	Personal Assistant to Chief Financial Officer (minute taker for joint meeting)

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S Kalirai requested that a brief round the table introduction took place, in view of the change in membership since the last joint meeting of Board Assurance Committee and Audit Committee.

Item No		Action
1/2013	<p><u>Apologies for absence</u> Sue Rawlings – Non Executive Director, Gwen Nuttall – Chief Operating Officer and Dr Jonathon Odum – Medical Director</p>	
2/2013	<p><u>Declaration of Interest</u> No interests were declared at this meeting.</p>	
3/2013	<p><u>Minutes of the Meeting held on 26 April 2012</u> The minutes of the joint meeting of Audit Committee and Board Assurance Committee held on 26 April 2012, were agreed as a correct record and formally approved.</p>	
4/2013	<p><u>Matters arising from the Minutes</u> S Kalirai addressed each action item arising from the minutes of the last meeting. After discussion the committee agreed that all actions had been implemented.</p>	
5/2013 5.1	<p><u>2012/13</u></p> <p><u>Internal Audit – RSM Tenon</u></p> <p><u>Internal Audit Annual Report for the Year ended 31 March 2013 (Draft Head of Internal Audit Opinion)</u> G Palethorpe presented the Internal Audit Annual Report (Draft Head of Internal Audit Opinion) for the year ended 31 March 2013 to the committee.</p> <p>G Palethorpe explained that the draft Head of Internal Audit Opinion (HoIA) had been prepared based on the audit work completed and the overall adequacy and effectiveness of the Trust’s systems of internal control. Referring the committee to page 2, the committee noted that based on work undertaken during 2012/13 significant assurance can be given that generally sound systems of internal control were in place. However, some weaknesses had been identified that put at risk the overall achievement of particular objectives, where agreed management actions had not been delivered to the agreed timescales. S Kalirai asked if these outstanding matters would alter the final overall opinion to which G Palethorpe reassured the committee that the overall opinion would remain positive.</p>	

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	<p><i>Kevin Stringer, Cheryl Etches and David Loughton joined the meeting.</i></p> <p>With regard to the preparation of the draft Annual Governance Statement (agenda item 5.2) G Palethorpe reported that there were no significant issues that needed to be raised as internal control issues within the Annual Governance Statement.</p> <p>RESOLVED: The committee noted the report.</p>	
5.2	<p><u>Draft Annual Governance Statement 2012/13</u></p> <p>A Sargent presented the first draft of the Annual Governance Statement for 2012/13. He advised this draft was presented to the committee for comment and endorsement prior to presentation to the Board for approval and submission to the Department of Health in early June.</p> <p>A Sargent explained that the detail presented in the draft statement followed the same pattern as last year's with a slight reduction in detail as requested by Executive Directors. The statement encompasses the scope of responsibility to ensure that a sound system of internal control exists. Thus, supporting Trust policies, aims/objectives, whilst safeguarding both assets and public funds.</p> <p>M Jones referred to page 2 with particular reference to the wording in the last paragraph pertaining to compliance and suggested that the wording be slightly edited as it was open to misinterpretation.</p> <p>After a query regarding the CIP rating from S Kalirai it was noted that CIP was formally recorded as 'amber', but only after mitigations were put in place. On this basis no change was necessary to the Annual Governance Statement for CIP.</p> <p>RESOLVED: The committee approved the draft statement subject to any changes detailed above.</p> <p><i>R Harris joined the meeting.</i></p>	A Sargent
5.3	<p><u>Internal Audit Progress Report</u></p> <p>G Palethorpe presented the Internal Audit Progress Report to the committee, which gives an overview on the outcomes of internal audits undertaken during the financial year and since the meeting of the Audit Committee in February.</p> <p>Members noted that five reports had been finalised since the Audit Committee meeting held in February, namely:-</p>	

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	<ul style="list-style-type: none"> • Operational Budgetary Control (Green Opinion) • IT Financial Controls (Green Opinion) • IT Key Controls within ESR (Green Opinion) • Assurance Framework (Amber/Green Opinion) • Surgical Safety Procedures (Advisory) <p>Referring members to page 4, G Palethorpe noted that one of the findings arising from the internal audit of Operational Budgetary Control (20.12/13), from the anonymous questionnaire circulated to budget managers was that not all managers believed they had been involved in the annual budget setting round. However, on investigation there was clear evidence to the contrary that all budget managers were actively involved in the process. K Stringer reassured the committee that managers were very much involved as there was a very clear procedure in place whereby managers sign off their individual budget. D Loughton advised that unfortunately as the questionnaire was anonymous it was not possible to identify the managers who had incorrectly reported and deemed this was a procedural issue to be taken outside of the meeting.</p> <p><i>J Howse joined the meeting.</i></p> <p>G Palethorpe referred to the last two pages of the report and the reporting for the first time of the progress made in respect of Final Audit Report recommendations assigned to individual managers. Members were advised that the pages would be reissued as the current detail only pertained to action arising since the last Audit Committee meeting in February.</p> <p>The committee noted that in fact the total number of recommendations by the end of the financial year was 187, with 144 implemented and five of which were not required to be implemented due to change in systems/superseded and 38 not yet implemented, giving an overall percentage of 82%.</p> <p>M Arthur queried with regard to recommendations on the tracking system that cannot be actioned within the agreed original timeframe, if it would be acceptable to approach RSM Tenon to review. G Palethorpe responded that if such a situation arose or indeed the action had been superseded and was, therefore, no longer worth pursuing he would welcome such an approach.</p> <p>RESOLVED: The committee noted the report.</p>	

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5.4	<p><u>Audit Committee – Review of Activities 2012/13</u></p> <p>S Kalirai presented the summary report detailing Audit Committee activity for 2012/13, which was noted by members of the committee.</p> <p>RESOLVED: The committee noted the report.</p>	
5.5	<p><u>Internal Audit Strategy 2012/13 – 2014/15</u></p> <p>G Palethorpe presented the Internal Audit Strategy for 2012/13 – 2014/15 to the committee, which sets out the detail in developing the strategy and the annual plan.</p> <p>It was noted that meetings had been held with Executive Directors, in order that an effective operational audit plan could be developed. This was presented in full at Appendix C. However, key areas of note impacting on the 2013/14 plan were as follows:-</p> <ul style="list-style-type: none"> • Cost Improvement Programme • Quality • Francis Report • Internal Financial control <p>Referring to page 2 G Palethorpe drew the committee’s attention to the internal audit fee for 2013/14 which was £74,100 reflecting the number of days in the plan. It was noted that this financial year had additional days compared to previous years, but G Palethorpe reassured members that this had been agreed and approved by K Stringer. Appendix B detailed the updated strategy for 2012/13 – 2014/15 encompassing risk based assurance and compliance audit work.</p> <p>S Kalirai asked K Stringer if there was anything further he would like to add to the strategy. K Stringer pointed out that the Executive pro-actively encouraged Internal Audit to review areas where there was perceived risk and the plan represented a fair assessment of the Executive’s view of risk, together with the Board Assurance Framework and Risk Register at this point. K Stringer did refer to page 5 ‘Service Line Agreements’ and advised G Palethorpe that this had been discussed at Board and was less about Service Line reporting and more about the use and value of the information produced. G Palethorpe responded this work had been planned for 2014/15 and would take this into account.</p> <p>S Kalirai asked for M Jones opinion from an External Audit viewpoint as to the adequacy of the proposed 260 man days in the plan. M Jones responded that the days should reflect whatever the organisation needed to manage and get the assurance it needed. K Stringer concurred that RSM Tenon provided a good value for money internal audit service and based on risk assurance an additional ten days had been taken into account. This was at a time of stringent CIPs and, therefore, showed the Executive were prepared to invest in risk reviews where necessary.</p>	

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	<p>RESOLVED: The committee accepted the Internal Audit Strategy as presented.</p> <p><i>D Loughton left the meeting.</i></p>	
5.6	<p><u>Board Assurance Committee Annual Report/Summary of Activities 2012/13</u> B Jaspal-Mander presented the Board Assurance Committee Annual Report/Summary of Activities 2012/13 to members of the committee.</p> <p>It was noted that J Vanes attended both the Board Assurance and Audit Committees and provided feedback to either committee on relevant matters of interest.</p> <p>RESOLVED: The committee noted the report.</p>	
6 6.1	<p><u>2013/14</u></p> <p><u>Care Quality Commission (CQC) Compliance Report</u> M Arthur presented the annual CQC Compliance report to members of the committee. She pointed out that the ‘Summary’ detail should in fact read 2012/13 and not 2011/12.</p> <p>The report details corporate compliance with the CQC Essential Standards of Quality and Safety (ESQS) together with grading analysis and action required.</p> <p>M Arthur advised that Attachment 1 to the report provided an overview for 2012/13 of compliance scores. Attachment 2 provided high level detail showing the rationale for scores together with any on-going action required. This detail also provides a comparison between the Trust compliance score and the Quality and Risk Profile score given by the CQC.</p> <p>It was noted that the CQC had visited the Trust on two separate occasions during 2012/13. M Arthur reassured the committee that concerns raised had been addressed and implemented via action plans to the full satisfaction of the CQC.</p> <p>M Arthur referred to the CQC Essential Standards page and briefed the committee on individual outcomes numbered 1 – 17. It was noted that these outcomes were internal observations rather than CQC compliance. By way of additional information, M Arthur advised members that an update report is presented to the Compliance Committee every four months detailing progress.</p> <p>R Harris questioned the correlation between the CQC and the Trust Compliance score, as some areas were showing a rating, which was not reflected in the QRP rating set by the CQC. M Arthur responded that the report reflected the Trust risk profile in areas, which were not quite achieving the standard. This internal review is conducted via a self-assessment audit before being reviewed by the CQC.</p>	

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	<p>S Kalirai concluded it would be useful if the two ratings could be brought together in future to reflect the real position.</p> <p>RESOLVED: The committee noted the report.</p>	
<p>7</p> <p>7.1</p>	<p><u>Other Items</u></p> <p><u>PricewaterhouseCoopers External Audit Update Report</u></p> <p>J Howse presented the External Audit Update Report detailing progress and activity since the last meeting of the Audit Committee on the 26 February 2013.</p> <p>J Howse advised the committee that the Final Accounts audit would commence on the 13 May 2013 and would also entail looking at the Quality Accounts and Annual Report.</p> <p>The committee noted that the interim audit took place during February 2013, as part of the annual audit cycle and confirmed that there were no significant weaknesses in internal control.</p> <p>The committee noted that as per the 2011/12 ISA 260 report three areas were highlighted as requiring attention as follows:-</p> <ul style="list-style-type: none"> • Goods Received Notes • Disposals • Transforming Community Services - nil consideration equipment assets <p>J Howse reported that good progress had been made on the recommendations and referred members to the detail of the 'summary update' provided on pages 5 and 6 of the report.</p> <p>Referring to page 8, J Vanes enquired that in relation to the Quality Accounts if there was anything further that could be done to ensure that the document reflected the work to date of the Trust. J Howse responded that there was a scope of work that had to be adhered to, in order for them to issue a limited assurance report, together with performance indicator testing of three randomly selected areas. Thus, assessing the quality of healthcare delivered across all specialties.</p> <p>S Kalirai referred to the 'Value for Money' audit work detailed on page 8 and to the scope of the audit work to establish assurance. J Howse advised that in previous years the assurance was determined by using KLOEs, however, the work was now more risk based ensuring arrangements are in place to secure VFM. M Jones advised that for example the Trust has to be able to demonstrate it is delivering CIP.</p>	

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7.2	<p>C Etches referred to the case study detailed on page 11 and queried the figure in the sentence - “to grow the organisation to a 30,000 bed operation by 2017”.</p> <p>J Howse agreed that 30,000 was extremely high and that he would check the figure and email out to members to clarify the wording.</p> <p>RESOLVED: The committee noted the report</p> <p><u>Review of Terms of Reference for Board Assurance Committee and Audit Committee</u></p> <p>S Kalirai advised that the annual review of Terms of Reference for both committees was deferred due to the Governance review being undertaken.</p>	J Howse
8 8.1	<p><u>Any Other Business</u></p> <p>S Kalirai referred to the KPMG audit review of the Finance Department and asked whether the findings would be shared with this Committee?</p> <p>K Stringer explained to members of the committee that this piece of work arose out of the action plan from Deloitte as part of the FT readiness. It was anticipated that the report would be available by the end of May and would be taken to the Foundation Trust Group that the Chairman – R Harris was setting up.</p>	
	<p>The meeting concluded at 2.00pm. A full Board Assurance meeting followed.</p>	
	<p><u>Date and Time of Next Meeting</u></p> <p>The next meeting of the Joint Board Assurance Committee and Audit Committee will be convened in April 2014.</p>	