

Chair's Report for the Audit and Risk Committee – July 2012
Report for the AWP NHS Trust Board

Meeting Date: 25-07-2012	Meeting Time: 10:00	Agenda Item: 17	Serial: 12.0637
This Report is presented by the Committee Chair for Noting in the Part 1 session of the Board.			

Report Summary

Purpose of this Report:

To brief the Board on the work of the Audit and Risk Committee.

Board Decisions Recommended:

The Board is asked to **approve** the ToR attached to this report and also recommended to **note** the report.

Actions Arising from the Report:

None.

List of Appendices

- Appendix 1 – Audit & Risk Committee ToR

1. Introduction

- 1.1. This report outlines the issues considered by the Audit and Risk Committee on 12th July 2012

2. Committee Activity

- 2.1. The committee considered the revised draft terms of reference for the Audit and Risk Committee. The committee will continue to work to its 2012/13 schedule (6 times during the year) but will plan to meet 8 times during 2013/14.
- 2.2. The committee is a NED only committee but there is an expectation that Executive Board members (or their nominated deputies) will attend in the future to ensure representation from across the Trust. Other staff will attend by invitation according to the agenda.
- 2.3. The committee discussed its obligation to ensure there are robust processes in place for the effective management of both clinical and corporate risk. This resulted in a debate around the respective roles of the Audit and Risk Committee, the Quality and Safety Committee and Internal Audit with respect to clinical risk.
- 2.4. Currently the Clinical Audit team reports through the Quality and Safety Committee. It was suggested that Internal Audit meet with the Clinical Audit team to ensure understanding of each other's work plans and that wherever possible, work is structured to augment assurance gained by the Board.
- 2.5. Consideration should be given by the Quality and Safety Committee as to how and when risks identified through the clinical audit process should be escalated to the Audit Committee and included on SBU and Trust wide risk registers
- 2.6. The committee reviewed the Trust Wide Risk Register and the Operations Directorate Risk Registers. Concern was expressed as to the quality of the registers presented and the credibility of the risk ratings applied. It was suggested that if the presentation of the registers reflected the level of importance attributed to identifying and mitigating risk in directorates then risk registers were not being used correctly as living documents in the Trust.
- 2.7. Concern was expressed that there may be inconsistency across the Trust in relation to:-
- Inclusion of clinical risks
 - How to score risk
 - What high and low risk look like

Report for the AWP NHS Trust Board

In Part 1 of the Trust Board meeting, sponsored by the Committee Chair

Agenda Item: 17

Serial: 12.0637

- What is a control and what is a planned action
 - How much residual risk can the trust tolerate on a risk by risk basis
 - Credibility of high risk mitigation and robustness of controls.
- 2.8. The committee agreed that the Executive Directors should relook at how they identify, report and score risk and that in this regard it would be appropriate to refer to the Audit Commission publication "Taking it on Trust" for guidance.
- 2.9. The Committee reviewed the Annual Report of Counter Fraud Work and the Counter Fraud Progress Report. There were no issues of import to report to the Board
- 2.10. The Committee reviewed the External Audit Committee Update, the Annual Audit Letter 2011/12 and the External Assurance on the Trust's Quality Account. Whilst there were no matters of serious concern to report to the Board, the Committee were referred to a review of performance indicators which highlighted weaknesses in the system for collecting information for two indicators.
- External Audit was unable to reconcile AWP data with data held by the National Patient Safety Agency (NPSA) in respect of the Department of Health indicator "Percentage of patient safety incidents resulting in severe harm or death". Reconciliation was not possible because the NPSA information included information received directly from the public and not from the trust. This is a problem being experienced in other Trusts (Devon). External Auditors suggested that AWP liaise with other Trusts and possibly make recommendations to the Department of Health via the NHS Confederation
 - External Audit was unable to provide positive assurance regarding the indicator "Percentage of patients receiving a physical health check within 7 days of admission to inpatient services" as the Trust does not report information against this measure (information reported against a higher standard of 72 hours). The committee questioned why External Audit had been requested to express an opinion against a measure that the Trust did not use.
- 2.11. The committee was advised that External Audit continuity would be maintained when Grant Thornton take over the role of External Auditor in September with Wayne Ricard continuing in the role of Engagement Lead.
- 2.12. The Committee reviewed the Internal Audit Progress Report, Strategy for Internal Audit 2011/12- 2013/14 and one Internal Audit Report on Performance Reporting- Use of RiO Summary Report dated 5 July 2012
- 2.13. The Committee agreed that it should remain flexible in relation to directing Internal Audit activity to addressing new and emerging risks from work

Report for the AWP NHS Trust Board		
In Part 1 of the Trust Board meeting, sponsored by the Committee Chair		
Agenda Item: 17	Serial: 12.0637	

undertaken by other committees (particularly the new Employment and Engagement Committee). The Audit and Risk Committee should review the agendas and output from other committees with a view to identifying and addressing risks.

- 2.14. The report on the use of RiO was concerning and demonstrated no tangible improvement since the last Internal Audit report last year. It highlighted a number of issues
- Lack of consistency in use of RiO and prevalence of local work arounds
 - Concern that RiOs function as a clinical record may therefore be restricted
 - Quality of IT skills and training and availability of super users of the system
- 2.15. The committee was advised that the responsibility for RiO had now moved to NCAS and its importance as a clinical record was being addressed by a Clinical Systems Group (CSG) which reported into the Quality and Safety Committee. The CSG will provide a management response to the Internal Audit Report. The committee was also advised that the IT shortcomings were being addressed by a report that was soon to be presented to the Finance and Planning Committee. The committee agreed that once these committees had addressed the substantive issues relating to the use of RiO in the Trust, this should be referred back to the Audit and Risk Committee in advance of future Internal Audit activity in this area. It was also agreed that consideration be given to including the use of RiO in the Clinical Audit Plan.
- 2.16. The committee considered the progress made against prior Audit Recommendations, reviewed the Finance Registers and considered those elements of the Fit for the Future Programme (FFtF) allocated to it.
- 2.17. It was noted that Internal Audit would be reviewing the Trust's performance against the FFtF programme short term objectives in September and that going forward the presence of all Executive Directors (or deputies) at the Audit and Risk Committee meetings would provide some assurance that key risks arising in individual directorates would be escalated to the Audit and Risk Committee

3. Recommendation

- 3.1. The Board is requested to note the Committee's activities

Report for the AWP NHS Trust Board		
In Part 1 of the Trust Board meeting, sponsored by the Committee Chair		
Agenda Item: 17	Serial: 12.0637	