

Royal Wolverhampton Hospitals NHS Trust
Trust Board Report



Meeting Date:	12 April 2010
Title:	Statement on Internal Control 2009-10 and Delegation for Approval of Annual Accounts
Purpose/Overview:	<ol style="list-style-type: none"> 1. To seek approval of the draft Statement on Internal Control 2009-10, for submission to the Strategic Health Authority. 2. To seek delegated authority for Audit Committee to approve the Trust's final Audited Accounts 2009-10, for submission to the Department of Health.
Action Requested:	<p>Recommended that:</p> <ol style="list-style-type: none"> (i) The draft Statement on Internal Control 2009-2010, be approved for submission to the SHA; (ii) Audit Committee be authorised to approve the final Audited Accounts for 2009-10, for submission to the Department of Health
Report of:	Director of Finance
Report Author:	Chris Watkins, Trust Secretary Tel: 01902 695900 Email: Christopher.watkins@rwh-tr.nhs.uk
Strategic Priority: (Identify contribution to Patient Safety & wellbeing)	
Risk & Mitigation/ Legal Implications:	
Resource Implications:	None directly
Public Access:	Yes
References: (Referring Committee; Background Information)	
Implementation Lead/Timescales:	
Appendices/ References	<ul style="list-style-type: none"> • Statement of Internal Control 2009 -10

Statement of Internal Control	<ol style="list-style-type: none">1. The Statement of Internal Control (SIC) has to be submitted in draft form to the Strategic Health Authority by 22 April.2. The draft Statement of Internal Control as attached does not at this stage include the Annual Head of Internal Audit Opinion. When this has been received, the SIC will be amended to reflect the outcome accordingly.3. The final version of the Statement of Internal Control will be considered and approved by the Board in June with the Annual Report.
Audited Accounts	<p>The final Audited Accounts need to be submitted to the Department of Health by the 11th June 2010, which is before the meeting of the Board that month. It is therefore recommended that the Audit Committee be authorised to sign off the Audited Accounts at its meeting on 8th June. The Audited Accounts will then be reported to the Board on 14th June for information.</p>

The Royal Wolverhampton Hospitals NHS Trust

Statement on Internal Control 2009/10

1. Scope of Responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

In my role as Chief Executive of the Trust I fulfil my own responsibilities as its Accountable Officer in close association with the Chief Executive and senior officers of the West Midlands Strategic Health Authority (the SHA) and the Chief Executives of the local Primary Care Trusts. Governance and risk issues are regularly discussed at a variety of Health Economy wide forums, including formal review meetings with the SHA and monthly meetings of Chief Executives.

2. The Purpose of the System on Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives,
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in The Royal Wolverhampton Hospitals NHS Trust for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts.

3. Capacity to Handle Risk

The Trust has a Board approved Integrated Governance Strategy, which identifies that the Chief Executive has overall responsibility for risk management within the Trust. All managers and clinicians accept the management of risks as one of their fundamental duties. Additionally the strategy recognises that every member of staff must be committed to identifying and reducing risks. To this end the Trust:

- promotes an environment of accountability to encourage staff at all levels to report when things go wrong, allowing open discussion to prevent their re-occurrence;

- Provides all staff with access to risk management information, advice, instruction and training. Risk management is also included in the core staff induction programme. The level of training varies according to need and is assessed as part of the annual formal staff appraisal process;
- Promotes good governance practice which is disseminated using a variety of methods including training sessions provided by risk professionals; Divisional governance meetings; all user bulletins; staff intranet and other staff briefing sessions;
- Identifies in Policy OP01 (Development and Control of Trust Policies) the need for financial risk assessments to be carried out;
- Identifies the components of good corporate governance (Policy GP01) including adopting the seven Nolan principles of Standards of Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. These support the Trust's duty of care to patients, staff and effective use of resources.

4. The Risk and Control Framework

The Board-approved Integrated Governance Strategy includes the following:

- The aims and objectives for risk management in the organisation.
- A description of the relationships between various corporate committees.
- The Assurance Framework.
- The identification of the roles and responsibilities of all members of the organisation with regard to risk management, including accountability and reporting structures.
- The promotion of risk management as an integral part of the philosophy, practices and business plans of the organisation; a description of the whole risk management process and a requirement for all risks to be recorded, when identified, in a risk register and prioritised using a standard scoring methodology.

The risk management process is an integral part of good management practice and the aim is to ensure it becomes part of the Trust's Business Planning process and budget setting and performance review frameworks. The risk management process is supported by a number of policies which relate to risk assessment, incident reporting, training, health and safety, violence and aggression, complaints, infection prevention, fire, human resources, consent, manual handling and security.

The Assurance Framework identifies the risks to the Trust's strategic objectives, the key controls in place to manage these risks and the level of assurance with regard to the effectiveness of the controls. The framework identifies any gaps in both the controls and the assurances that the controls are effective.

During 2009/10 the Assurance Framework has been reviewed and amended at least quarterly by the Board Assurance Committee to ensure it remains aligned with the Trust's strategic objectives and the key risks to their achievement.

The Trust will continue to maintain a comprehensive risk register, to hold details of risks at all levels throughout the organisation including residual risk that incorporates the impact of mitigating actions. Training will continue within Divisional Management Teams to ensure their identified risks map across to the Trust's Strategic Risk Register and are reflected in their own Business Plans.

As Chief Executive, I attend the Local Authority Overview and Scrutiny Committee in Wolverhampton where the following range of topics have been discussed with members:-

- Potential transfers of care between the hospital and community/primary care;
- The Trust's management of Healthcare Acquired Infections;
- The New Hospital Project; and
- The Trust's annual declaration against Standards for Better Health core standards.

Compliance with Equality, Diversity and Human Rights Legislation

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

NHS Pensions

As an employer with staff entitled to membership of the NHS Pension scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Compliance with Climate Change and Carbon Reduction Requirements

The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Standards for Better Health

The Trust is fully compliant with the Core Standards for Better Health.

- The Trust's performance overall has again been strong in respect of the delivery of patient care and meeting existing Care Quality Commission (CQC) targets and quality standards. Following a thorough and systematic review of its services and the systems that support them, the Trust declared full compliance with the core standards for better health in its mid year declaration in November 2009. Between the period of November 2009 and March 2010 there has been no significant lapse in compliance to the core standards.

Statement on Internal Control 2009-10

- In April 2009 the Trust successfully registered with the CQC its compliance to the Hygiene code.
- In January 2010 the Trust took the following steps in preparing its application for registration:
 - Assignment of Director and operational leads for a compliance response
 - Review of regulations and gap analysis by operational leads
 - Compliance judgements against each prompt, either stating evidence of compliance or risk assessing the impact of non compliance to prompts
 - Collation of responses and cross reference with trust QRP
 - Confirm and Challenge of application report to Trust board
 - The Trust declared compliance with all 16 Quality and Safety standards.
- The Trust is committed to continuous improvement in patient safety and quality through regular evaluation of its systems and processes; and proactively seeking out opportunities for innovation and development.
- The Trust continues to build upon its internal evidence and assurance infrastructure in order to sustain performance and meet future demands.
- Supporting the Trust's declaration are the following achievements:
 - Rated 'Excellent' for Quality of Service
 - NHSLA Level 2 General Standards
 - NHSLA level 3 Maternity Standards

Information Governance

The Trust has monitored and implemented the Information Governance work plan in 2009/10. This year's final self-assessment submission achieved 80% compliance with the Connecting for Health requirements and is rated "green".

On the specific issues of the security of personal information, the Trust has previously undertaken a detailed investigation to identify person-identifiable data flows - both inside and outside the Trust. This guided an action plan to ensure that all laptops and removable media are automatically encrypted, along with emails where appropriate.

Risks to information are managed and controlled via the Trust's incident reporting mechanism and Risk Register. There have been no Serious Untoward Incidents (SUI's) involving personal data in 2009/10; a summary of other personal data related incidents can be found below:

SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2009-10		
Category	Nature of the incident	Total
I	Loss/theft of inadequately protected electronic equipment, devices or paper documents from secured NHS premises	4
II	Loss/theft of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises	3
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	2
IV	Unauthorised disclosure	0
V	Other	0

5. Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways.:

- The Head of Internal Audit who provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework, and on the controls reviewed as part of the internal audit work.
- Executive Managers within the Trust who have responsibility for the development and maintenance of the system of internal control
- The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the Trust achieving its principal objectives has been reviewed.
- By reports and comments made by the External Auditor, the Care Quality Commission, NHS Litigation Authority assessors, clinical auditors, accreditation bodies and peer reviews.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board, which is supported by:-

- Audit Committee, which considers the annual plans and reports of both the External and Internal Auditors;
- Board Assurance Committee, which reviews the Strategic Risk Register, Assurance Framework and risk identified through trends identified as part of performance management, clinical governance, patient complaints and patient liaison activity;
- Quality and Safety Committee, which reviews clinical care against Key Performance Indicators set to monitor clinical governance performance against national standards eg, Care Quality Commission Standards for Better Health, NHS Litigation Authority (NHSLA) Risk Management Standards and National Patient Agency reporting standards; as well as monitoring the effectiveness of action plans linked to identified Health and Safety and Clinical Serious Untoward Incidents;
- Infection Prevention and Control Committee, which approves the infection prevention programme for the year and monitors progress. It reviews divisional infection prevention performance, incidents and learning, to ensure achievement of local and national targets. It reviews Trust achievement against Hygiene Code standards.
- Internal Audit, which carries out a continuous review of the internal control system and reports the results of reviews and recommendations for improvements in control to management and the Trust's Audit Committee.
- Special Reviews are undertaken from time to time by External Audit, NHSLA Auditors and the HSE as well as other various external bodies. Peer reviews are also undertaken.

Plans to address weaknesses and ensure continuous improvement of the system are in place, which include:

- regular reviews of Divisional Management Teams' and individual Directors' risk registers;
- reviews of potential risks affecting the delivery of strategic objectives;
- actions plans to address recommendations made by Internal Audit.

6. Statement on Internal Control

As Accountable Officer, my review confirms that The Royal Wolverhampton Hospitals NHS Trust throughout 2009/10 had a generally sound system of internal control that supported the achievement of its policies, aims and objectives. Furthermore, any internal control issues have been, or are being, addressed, and the Statement on Internal Control is a balanced reflection of the actual control position.

Signed:

Date:

David Loughton CBE

Chief Executive