

Gloucestershire Partnership NHS Trust

Final Internal Audit Report

Risk Register Management

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This report has been prepared on the basis of the limitations set out on page 7.

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1. Executive Summary

1.1 Background

The internal audit covered the procedures and controls in place in respect of Risk Register Management as operated by Gloucestershire Partnership NHS Trust, in accordance with the agreed internal audit plan 2006/07. During the audit we have raised recommendations where we believe the control environment can be improved and these are detailed in Section 3 of this report. Further details on the scope of the audit are provided in Section 2.

1.2. Audit Assurance

Based on the work undertaken, we are able to give a **SUBSTANTIAL ASSURANCE** opinion which means that while there is a basically sound system of internal control, there are weaknesses which put some of the system objectives at risk.

In addition to the findings outlined below, we noted from our initial discussions with the Assistant Director of Governance that the Risk Register has not been kept up to date due to the time constraints and the required volume of administrative support. As a consequence, the Risk Register had not been reported to the first two meetings of the Governance Committee, although a partially up-to-date version was tabled at the July meeting. It is acknowledged by Internal Audit that this is a known issue and has not been re-raised within Section 3 below.

Full definitions of the audit assurance and category of recommendations are provided within Appendix A.

1.3. Key Findings

We have raised one priority 1, one priority 2 and one priority 3 recommendations relating to the following:

Priority 1

- Report on status of risks

Priority 2

- Review of policies and procedures

Priority 3

- Review of risk management policy

Discussion and review of meeting minutes and training materials highlighted that the Assistant Director of Governance is proactively working towards raising awareness of Risk Management within the organisation. This has been through attendance at the Programme Managers monthly meetings and other training opportunities. He also has the role of maintaining the overarching Trust Risk Register and actively obtaining local updates and any newly identified risks through the Programme Managers meetings. The Trust should be aware that, due to the scale of the task in centralising this process, not all Programme Managers meetings have been visited as yet.

Full details of the audit findings and recommendations are shown in Section 3.

2. Scope of Review

Audit Objectives

The audit was designed to cover the system of internal controls operating over Risk Register Management within Gloucestershire Partnership NHS Trust.

Audit Approach and Methodology

The audit approach was developed with reference to guidance set out within the NHS Internal Audit Manual and by an assessment of actual controls operating within the system to achieve the system objectives. Procedures were adopted to ascertain the following:

- whether there are adequate internal controls in effective and efficient operation;
- whether the processes are meeting the requirements of internal policy and procedural standards; and
- whether the processes are meeting external codes of practice, professional and statutory regulations.

From these procedures we have identified areas where controls may be strengthened, produced specific proposals to improve the control environment and have drawn an overall conclusion on the design and operation of the system.

Areas Covered

Audit work was undertaken to cover the following systems:

- A strategy for Risk Management within the Trust is in place and is continually monitored and updated;
- Policies and procedures concerning the implementation of the strategy are in place, documented, and circulated to relevant personnel;
- A committee structure is in place, which supports the risk management accountability arrangements within Trust and ensures that all significant risks are properly considered and communicated to the Board;
- An agreed risk management process for the identification and assessment of risks is in operation;
- All identified risks and their impacts upon Trust objectives have been assessed and recorded appropriately;
- Mitigating action has been undertaken where appropriate. The results of mitigating action have been reported and risk registers have been updated accordingly;
- Independent, third-party assurance has been sought in accordance with Trust policy; and
- The whole system of risk management is continuously monitored and reviewed by management and the Board in order to make improvements to the system.

3. Observations and Recommendations

Policies and Procedures

3.1 Review of Policies and Procedures (Priority 2)

Recommendation	Rationale	Action Plan, Responsibility and Timeframe
<p>Procedures, which comply with the relevant Trust Policies and support the role of the Risk Manager and the risk management process, should be reviewed, approved and implemented.</p>	<p>Up-to-date policies and procedures that comply with the Trust's risk management strategy should be in place. This will help to ensure business continuity in the absence of the Assistant Director of Governance and provide guidance to staff where responsibilities are delegated.</p> <p>We noted that whilst there is some procedural guidance in place to support the risk management process, these were produced some time ago and were need of review. We noted during our discussions that the delegation of some of the administrative responsibilities to other Trust staff members is under consideration.</p> <p>Without policies and procedures in place, staff may be unaware of their full duties and, as such, the risk management process may not be effective. This could lead to unacceptable levels of risk exposure and, where key staff may leave or are absent, business continuity may not be maintained.</p>	<p><u>Management Response</u></p> <p>Establish Policy Review Group to review on an ongoing basis "corporate function" administration and risk management policies & procedures.</p> <p><u>Responsibility</u></p> <p>Assistant Director of Governance</p> <p><u>Timeframe</u></p> <p>Group to be established by January 2007. First review to occur by March 2007.</p>

3.2 Review Risk Management Policy (Priority 3)

Recommendation	Rationale	Action Plan, Responsibility and Timeframe
<p>The Trust should review the Risk Management Policy to ensure that it is in accordance with the Trust's Risk Management process.</p>	<p>The Trust should ensure that the Risk Management Policy is kept up to date and that it sets out the guidelines for the management of risk in accordance with the Risk Management Strategy.</p> <p>The Risk Management Policy was due for review in February 2005, although this has not yet been undertaken.</p> <p>Failure to have an up to date policy in place may result in staff being unaware of their responsibilities and the correct protocol for the identification, recording and assessment of risks may not be followed.</p>	<p><u>Management Response</u></p> <p>Policy Review Group as identified in 3.1 to undertake review.</p> <p><u>Responsibility</u></p> <p>Assistant Director of Governance</p> <p><u>Timeframe</u></p> <p>March 2007</p>

3.3 Reporting on the Status of Risks (Priority 1)

Recommendation	Rationale	Action Plan, Responsibility and Timeframe
<p>The status of each risk should be reported regularly to the Assistant Director of Governance and any progress towards mitigation should be recorded on the risk register.</p> <p>The Trust should ensure that the Programme Managers have readily available access to the up-to-date risk register.</p>	<p>In the course of reporting risks, the deadline dates for action to mitigate such risks should be clearly stated. Regular feedback on the progress made towards mitigation should be reported to the Assistant Director of Governance. The updated risk registers should also be available to the Programme Managers, to ensure the monitoring of risks at all levels.</p> <p>Where a risk is identified as ongoing, progress updates should be provided by the relevant management team or committee. The current status of all risks should be updated on the risk register upon receipt of such information. At present, mitigating actions are not recorded on the risk register.</p> <p>A copy of the risk register will be emailed to the Programme Managers on a bi-monthly basis. This process is not yet currently occurring in all areas and is not formally documented. (it is in Substance Misuse, Learning Disabilities, and Cotswold & Vale patch of Working Age Adults).</p> <p>Failure to monitor the status of risks may result in risk mitigating actions not being performed.</p>	<p><u>Management Response</u></p> <p>Effective and robust systems for the ongoing updating of the risk register to be functional by March 2007.</p> <p>Risk Register to be actively reported to the Governance Committee at each meeting from April 2007.</p> <p><u>Responsibility</u></p> <p>Assistant Director of Governance</p> <p><u>Timeframe</u></p> <p>April 2007</p>

Appendix A – Reporting Definitions

Audit assurance

In order to provide management with a statement of assurance, the following definitions are used:-

Level	Evaluation opinion	Testing Opinion
Full assurance	There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial assurance	While there is a basically sound system of internal control, there are weaknesses, which put some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited assurance	Weaknesses in the system of internal controls are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
No assurance	Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
Priority 1	Major issues which should be brought to the attention of senior management and the Audit Committee
Priority 2	Important issues to be addressed by management in their areas of responsibility
Priority 3	Issues of a minor nature, that were resolved on site with local management.

Assurance on Areas Covered

Areas Covered	Evaluation of system	Testing of compliance with controls
Risk Management	Satisfactory	Limited

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Deloitte & Touche Public Sector Internal Audit Limited

Bristol

October 2006

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