

‘AUDIT & ASSURANCE COMMITTEE

Notes from the meeting held on Tuesday 15 February 2011

Time: 10.00 – 13.00

Venue: Room AD77, Maple House, East Surrey Hospital

Present:		
Edward Cooke	EC	Non Executive Director (Chair)
John Power	JP	Non Executive Director
Norma Christison	NC	Non Executive Director
Richard Durban	RD	Non Executive Director
Yvette Robbins	YR	Non Executive Director
In Attendance:		
Darren Wells	DW	Audit Commission – Engagement Lead
Justine Thorpe	JT	Audit Commission – Audit Manager
Lynn Wilson	LW	Audit Commission
Nick Atkinson	NA	RSM Tenon – Associate Director
Sarah Pratley	SP	Parkhill - Local Counter Fraud Specialist
Paul Simpson	PS	SaSH - Director of Finance & Contracting
Mary Sexton	MS	SaSH - Director of Nursing
Michael Wilson	MW	SaSH - Chief Executive
Majid Bhatti	MB	SaSH - Chief Financial Accountant
Sue Mason	SM	SaSH - Head of Employee Relations (Agenda item 6e)
Eric Munro	EM	RSM Tenon – (Agenda item 6d)
Dr Tatiana Cotruta		SasH – SpR Anaesthetics (Observing)
Dr Sheetal Jafri		SasH – SpR Anaesthetics (Observing)
Gillian Cruse	GC	SaSH - Minute taking

1	<p>Welcome and apologies</p> <p>Members were welcomed to the meeting and apologies noted.</p>	
6d	<p>Item 6b discussed prior to other items on agenda</p> <p>Endoscopy capital scheme</p> <p>N Atkinson and Eric Munro presented a summary of the draft audit report on Endoscopy. Noted that this was a <u>draft</u> report and as such had not had been QA'd by internal audit and had no management response. The report was therefore incomplete but owing to the importance of the audit these initial findings were discussed.</p> <p>M Wilson expressed his discomfort on discussing this key audit without a prior briefing.</p> <p>The aim of this audit was:</p> <ol style="list-style-type: none"> 1) To review processes and controls that were in place 2) Look at the next steps, advising how this project could be brought to a conclusion 3) Ensure as an organisation that lessons were learnt around project management <p>N Atkinson/E Munro gave an overview of the report.</p> <p>After the initial approval of work, two additional requests had been made at Trust Board level for additional funding to complete the project.</p>	

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	<p>In summary:</p> <ol style="list-style-type: none"> 1. The business case initial costing was insufficient, although this was addressed through subsequent approvals. 2. Although the successful contractor came on site on 21/9/2009 there was no official signed JCT contract until June 2010. 3. No checks had been carried out on the contractors for assurance purposes prior to them coming on site. 4. There was a cost of postponement which (£1,500 per week - total to date £39K) while the re-tender proceeded. 5. The Building is now 2/3rd completed. Building works were stopped due to re-design in line with JAG requirements on Single Sex accommodation. 6. In E Munro's view the architect and other contractors contributed to poor costings and failure to advise design changes (eg: although the rules around single sex were not officially in place at the time, contractors should have been aware and have incorporated changes). 7. The plans should not have been supported by the QS at the time. <p>Initial action over the postponement cost was needed, management needed to consider the report, provide an action plan and evidence improved processes. Internal Audit needed to QA their report.</p> <p>Action: I Mackenzie to identify any immediate actions, complete the management response and action plan, and attend the next AAC.</p> <p>The NEDS requested assurance that this was a one off and correct processes now in place and to confirm there were no weaknesses in parallel projects. P Simpson advised that the next raft of significant capital projects would be presented as outline business cases (OBCs) to the Board and the OBCs would describe the procurement process with a full business case being submitted to affirm the final decision on the procurement of contractors. He added that as part of the response to the audit report management would evidence to the AAC the effective operation of its processes. M Wilson noted that the business case was prepared in 2009 and advised that he had confidence in the management of projects now and going forward – any issues over process would be corrected.</p> <p>M Wilson questioned why this had taken 18 months to identify these issues and was advised that reporting on this project had not followed the correct Capital Group procedures. It was noted that the Estates Team had changed significantly since the initial business case had been completed.</p> <p>E Munro left the meeting.</p>	<p>I Mackenzie</p>
<p>2</p>	<p>Minutes of previous meeting and matters arising</p>	
	<p>Amendments to minutes of meeting held on 16 Nov 2010.</p> <p>Noted that Rob Haigh was in attendance. Change initial from JA to NA on attendance sheet for N Atkinson.</p> <p>With above amendments minutes recorded as an accurate record of meeting.</p> <p>Actions from previous meeting completed or covered within agenda.</p>	

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3a	<p>Report on Management Board (Quality & Risk) - MBQR</p> <p>M Sexton presented a follow up to the paper presented at the previous AAC, as requested by the Committee.</p> <p>This Committee has been in existence since last May. Monthly meetings are held, all have been quorate and clinically supported with active clinical engagement. The meeting had established a clear way of working and its review of risks and SUIs added value. The main issue, as identified by the Audit Commission Governance Review, was the maturity of the organisation and embeddedness of risk processes in the body of the Trust. This resulted in a continued reliance on the central governance team.</p> <p>A dashboard is now included for the MBQR to ensure there is no duplication in reporting and TORs are being reviewed.</p> <p>Having read the paper, R Durban did not feel that the paper gave sufficient assurance. He said that it raised a number of issues without describing actions to deal. The report contained insufficient detail.</p> <p>N Christinson reinforced above view and did not dispute that the MBQR is effective but from a NED’s perspective was not seeing sufficient evidence. She believed reporting was passive rather than pro-active around challenges/actions. Y Robbins raised a point that the Trust has not evidenced how it ensures everyone understands governance and embeds it within the Trust. M Wilson advised that we now have clear clinical structures in place and Divisions are establishing their internal systems – the Trust needed time to embed these structures but already there were changes visible.</p> <p>The AAC asked M Sexton to bring back a further paper listing actions to address issues raised.</p> <p>Action: MSexton to provide a further paper describing actions to deal with issues raised in the two MBQR papers</p>	M Sexton
3b	<p>BAF</p> <p>Discussion took place around the Board Assurance Framework (BAF) and where this should be discussed and whether this was the correct format and an effective tool.</p> <p>After discussion it was affirmed that :</p> <ul style="list-style-type: none"> - The Audit & Assurance should consider whether controls and assurances were in place and any process issues highlighted - The Trust Board should be discussing content. <p>N Atkinson advised that the new AAC meeting structure and workplan asked him to provide rolling reviews of each line of the BAF and the first of these was included today in the IA section.</p> <p>In response to a question raised against timeframe it was confirmed that because of the time between meetings there would be some differences from the BAF produced for AAC and that for the Trust Board and it was a continuously changing document. Y Robbins expressed her concern and M Wilson stated</p>	

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	<p>that the BAF is reviewed by the Executives on a regular basis, and this was evidenced by the changes reported to the Board last time. All agreed that the exception report provided to the Trust Board recently added a great deal of value and provided greater understanding of the BAF and how actions were proceeding.</p> <p>M Wilson advised that we use the national framework for the BAF and followed best practice – we should not continually review the format. The various format and wording issues raised would be corrected, with all future versions being clearly dated..</p> <p>Action: M Sexton to ensure that format changes to BAF implemented for March Board version</p> <p>J Thorpe advised that part of the Audit Commission’s VFM work this year included a review of the BAF and the output of that would be useful in considering how the BAF was used.</p>	M Sexton
3c	<p>Report – Professional standards and content of clinical notes</p> <p>M Sexton presented the report, which outlined, in some detail, record keeping compliance for 2009/10 showing comparative data against 2008/09 position. An annual record keeping audit for 2010/11 will be completed at the end of March and results will be presented in April 2011.</p> <p>Some improvements noted, and some areas for improvement also. NEDS noted the detail and comprehensive range of data. Discussions have been held with R Haigh and an action plan is in place.</p> <p>Y Robbins raised questions around gaps in record keeping which have been noted at Coroner’s Court and advised that she was not confident of progress. M Sexton advised that there was still much to do to ensure all records were maintained up to required standards all the time.</p> <p>She went on to say that all staff should record information when necessary and regular checks should be made. Main issue is around staff attention to detail and change in behaviour required. Noted that we are not fully compliant with CQC recommendations.</p> <p>M Wilson advised that Dr Newman has now sent out a note to all Lead Clinicians in respect of record keeping and adhering to professional standards. The Senior Clinicians are the decision makers and should be recording all episodes of care.</p> <p>In response to a question around MRSA screening, M Sexton advised that the Trust was compliant but screening is not always reflected in medical records.</p>	
4	<p>Review of audit agenda and performance of Audit & Assurance Committee</p> <p>Discussed during course of agenda</p>	
5	<p>Accounts</p> <p>Nothing to report at this meeting.</p>	

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6a	<p>Progress Report – External Auditors</p> <p>J Thorpe gave a brief summary of the progress of External Audit over the past few months covering the following areas:</p> <p>Section 1 Progress VFM audit work on:</p> <ol style="list-style-type: none"> 1) Securing financial resilience 2) How Trust challenges economy, efficiency and effectiveness 3) Building on Internal Audit work and how it works in practices and how it ties in with Risk Register <p>Section 2 Key developments nationally Section 3 Management responses</p> <p>R Durban noted the high level VFM plan around finance but felt this was too high a level and requested it was dropped down a level. D Wells believed that this high level governance was required giving the Trust the opportunity to focus and review opportunities going forward. Lower level detailed information would be highlighted as audit progressed. He believed the high level was the best way to support the 2010/11 work plan. The operational risk would be around how the reports are actioned.</p>	
6b	<p>Update on progress on Governance Review Report</p> <p>Two draft reports presented:</p> <ol style="list-style-type: none"> 1) PbR Data Assurance Framework : Reference Costs 2) PbR Data Assurance : Outpatient audit at SaSH <p>These reports were not final as management response may change content. Final reports will follow.</p> <ol style="list-style-type: none"> 1) <u>Reference Costs</u> <p>This report is still in draft pending PCT sign off.</p> <p>The output of the reference cost audit was positive, with the Trust graded at 3 out of a scale of 4. A report on reference costs produced 3-4 years ago was very poor and this report noted a vast improvement. The AC opinion was good and they were impressed with the improvements made.</p> <p>P Simpson circulated a summary of 2009/10 reference cost data giving comparisons against other Trusts (SaSH was 43rd nationally, and 3rd in the Region). This was the third successive year that the Trust had reference costs below 100.</p> <p>There was a discussion about SLR and its use in the Trust and P Simpson advised that SLR is working and suitable for the level of engagement at the present time. In the future it would allow for the level of detail that E Cooke would want to see. M Wilson advised that he had discussed the future development of SLR with PS and that it would be developed.</p> <p><u>Data Assurance framework</u></p> <p>L Wilson advised that the audit showed the Trust graded 2 out of 4, as it was last</p>	

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	<p>year.</p> <p>E Cooke questioned why SaSH was still not doing well with other Trust doing better. He acknowledged that Level 2 met the minimum requirements with regard to data quality but still only reflected adequate.</p> <p>Action: Ian Mackenzie to be invited to feedback to next AAC meeting on the output of this audit</p>	I Mackenzie
6c	<p>Progress Report – Internal Audit</p> <p>N Atkinson presented progress report.</p> <p>Three reports have been finalised since last Committee meeting:</p> <ol style="list-style-type: none"> 1. Contract & Non Contract Income 2. General Ledger 3. Information Governance <p>There were no significant issues in any of the above and assurance was substantial. 3 reports currently still work in progress but nothing was highlighted as a significant risk. Follow up work now agreed and detailed. No further changes made to plan and all dates confirmed.</p> <p>N Atkinson had looked at 4 specific areas of the BAF, confirming assurance on controls and assurance in these areas (highlighted in Appendix D of the report).</p> <p>J Power noted that 12 of the 31 high recommendations still had no explanation and asked for the corresponding figure for the 48 medium recommendations. N Atkinson confirmed that he had focussed on high level and did not have figures to hand for medium, but would produce them next time. There was a real step change in process management and there were also some time differences between his production of the audit tracker and the Trust.</p> <p>He noted that a robust and functioning system was now in place. After discussion it was agreed that N Atkinson would produce the tracker report for the AAC (rather than there being two versions). Internal work would continue and SaSH would be responsible for the monitoring and chasing of responses.</p>	
6e	<p>Progress Report – LCFS</p> <p>S Pratley briefly summarised her report and updated on current proactive reviews. The E&F review had been completed with 1 recommendation.</p> <p>An overpayment case was discussed that had been caused by an administration error by SBS. S Mason advised that the CFO was taking up this and similar cases with the company. LCFS had recommended that fraud action be taken in a more recent overpayment case, and this process was likely to be followed in other cases where individuals had been overpaid and were slow in making repayments.</p>	
6f	<p>Bribery Act</p> <p>It was noted that the definitive date for this act is still not known but possibly will be April.</p>	

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	<p>This act will be specifically linked to individuals so the Trust needs to ensure that the right processes are in place. The Hospitality and Gifts Register needs to be reviewed.</p> <p>Action: P Simpson to review the Bribery Act once information received made recommendations accordingly. Revised LCFS policy will be brought to future AAC meeting.</p> <p>Y Parker to review the Hospitality & Gifts Register</p>	<p>P Simpson</p> <p>Y Parker</p>
<p>6g</p>	<p>Moving forward to NHS Protect</p> <p>Letter highlighting the final outcome of the CFSMS review consultation on the structure of NHS Protect brought to AAC for information to ensure the Committee is aware of changes happening. The Committee noted the changes which saw a greater role for LCFS.</p>	
<p>7a</p>	<p>AAC Workplan</p> <p>P Simpson presented the paper, of which N Atkinson was the main author. The paper had been agreed by E Cooke and provided a draft workplan for the AAC in 2011.</p> <p>The workplan provided objectives and the items to be considered against those objectives at AAC meetings, in terms of the audit work and management reporting it commissioned and the reports provided externally. Two of the objectives were developmental and provided a clear direction for the AAC to achieve a 50/50 split between financial and non financial assurance.</p> <p>J Power noted that this “non financial” element was defined in the standard DH integrated governance TOR adopted by the AAC as essentially Clinical Governance overall, whereas the AAC TOR focused on the subset of Clinical Audit. He asked from whence the AAC would draw this high level assurance on Clinical Governance overall, over and above the subsets of Clinical Audit and Safety & Quality. He was assured by the CE and clinical professionals present, and by Internal Audit, that the AAC would receive sufficient information to discharge this wider clinical remit.</p> <p>R Durban welcomed the inclusion of clinical audit and the timetable. In response to his question it was noted that Clinical Safety reports go via MBQR and Quality & Safety meetings.</p> <p>N Atkinson would provide a summary of quarters’ work against plan indicating good and bad headlines with a high level assurance, producing exception reports if high risk.</p> <p>The AAC welcomed the paper and noted that the meeting this time had been arranged according to the model agenda provided.</p> <p>After review of the wording around the 50/50 balance the AAC Workplan was approved.</p> <p>P Simpson confirmed that relevant parts of the “Rules of Procedure” and SFIs will be updated to ensure consistency.</p>	

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<p>7b</p>	<p>Trust Compliance Progress Report</p> <p>P Simpson presented this paper, which combined what previously had been provided in separate papers. It included the following:</p> <ul style="list-style-type: none"> - Losses and special payments – submitted for information - Audit tracker - Year End 2010/11 preparation of final accounts to give assurance to Audit Committee - 2010-11 Valuations <p>The differences between IA's comments on the Tracker and SaSH's had been discussed above and recommendations made.</p> <p>The AAC welcomed the revised format and noted the paper and its contents.</p>	
<p>8</p>	<p>Waivers</p> <p>Waiver report produced for information. Noted that procurement procedures now improved and now only a relatively small number of waivers are raised compared to the past.</p>	
<p>9</p>	<p>AOB</p> <p>An overarching view of Clinical Audit to be produced for the June meeting.</p> <p>Action: June meeting N Atkinson</p>	<p>N Atkinson</p>
	<p>Meeting closed 13.00</p> <p>Next meeting 12th April Meeting 10.00 – 13.00</p> <p>Pre-meet at 09.30 – 10.00 for NEDs, Internal and External Auditors</p>	