

AUDIT & ASSURANCE COMMITTEE

/Notes from the meeting held on Tuesday 19 July 2011
Time: 10.00 – 13.00

Venue: Room AD77, Maple House, East Surrey Hospital

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| Present: | | |
| Edward Cooke | EC | Non Executive Director (Chair) |
| John Power | JP | Non Executive Director |
| Justine Thorpe | JT | Audit Commission |
| Nick Atkinson | NA | RSM Tenon |
| Richard Durban | RD | Non Executive Director |
| Stuart Doyle | SD | Parkhill - Local Counter Fraud Specialist (Item 4 LCFS) |
| In Attendance (SaSH) | | |
| Jo Thomas | JT | SaSH - Chief Nurse |
| Lorraine Clegg | LC | SaSH - Deputy Chief Financial Officer |
| Majid Bhatti | MB | Head of Financial Accounts |
| Michael Wilson | MW | Chief Executive |
| Nicole McLaughlin | NMcL | Area Anti Fraud Lead – SE Region (Item 6 LCFS) |
| Paul Simpson | PS | SaSH - Chief Financial Officer |
| Sue Mason | SM | Head of Employee Relations (Item 6 LCFS) |
| Yvonne Parker | YP | Director of Workforce (Item 4) |
| Gillian Cruse | GC | Minute taking |

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| 1 | <p>WELCOME AND APOLOGIES</p> <p>E Cooke welcomed attendees to the meeting and apologies were noted from N Christison and D Wells</p> | |
| 2 | <p>MINUTES OF PREVIOUS MEETING HELD ON 2 JUNE 2011</p> <p><i>It was noted that some of the amendments requested by E Cooke after his review of the draft minutes had not been included in the final version of the minutes. Apologies made.</i></p> <p>Amendment page 5 (Annual Governance Report)</p> <p>Final two paragraphs to be amended to read:</p> <p><i>Random checks have been made and a £1,800 accrual error had been picked up and amended within the accounts. This was extrapolated to a potential £858K error.</i></p> <p>The AAC needed to agree two items noted in the unadjusted disclosure section</p> <ol style="list-style-type: none"> 1. Reclassification 2. Depreciation | |

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| | <p>National Clinical Audit programme for 2011/12. There are 71 audits planned (compared to 30 for 2010/11) which will involve significant pieces of work. Originally 8 of these audits were advised as Trust 'not participating' but after review these will now be included. These will all be reviewed initially via the MB(QR).</p> <p>More robust process are now in place for clinicians to participate and Chiefs of Service will ensure audits are reviewed on a regular basis.</p> <p>R Durban expressed his concern that the paper didn't meet the criteria requested at the last AAC meeting, and on several earlier occasions. He requested clear visibility of the outcomes of the 10/11 clinical audit programme and clarity around the 11/12 planned programme. In addition he suggested we performed poorly against the 10 simple rules set by the DoH for Boards to measure the performance of clinical audit. He did not believe that currently the Board could be assured.</p> <p>N Atkinson advised that the audit currently on "Clinical Governance and Clinical Audit" was still in draft preparation format and had not been circulated yet for management responses. He will issue the draft report next week.</p> <p>Audits derived from three sources: 1) National Audits 2) BAF 3) Local Audits Jonathan Parr is the trust lead with J Thomas as executive lead.</p> <p>Initial summary of key points.</p> <ul style="list-style-type: none"> • More scrutiny required • Need to link more into BAF • Local clinician input required • Plan should be signed off by committee and built into governance structure • Quality of audits and assurance not trust wide. • The critical key was assurance that actions were carried out • National audits are critical areas for gaining assurance • Need to review best way of local engagement • Not all audits registered with the clinical audit department • Of the completed audits the percentage of those with an action plan to address areas of concern were; Surgery 17.5%, medicine 25%, WACH/Paeds 72%, Gynae 0%, Obs 72% • The percentage of the audit programme that was re-audits was 10% <p>J Power noted that assurance was now requested within the revised audit handbook.</p> <p>M Wilson requested a clear, collective view of what was required with guidance and advice on what urgent actions are required to</p> | |
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| | <p>provide the board with assurance around clinical audits.</p> <p>P Simpson advised that the completion of the IA report with management responses would provide more clarity and assurance. A clear action plan will be put in place to resolve any issues set against the 12 points raised. It was noted that Clinical Governance was also included as part of the Internal Audit work plan for this year.</p> <p>R Durban said response to the IA report was only part of what was needed – clarity and visibility of plans and outputs and assurance over effectiveness was also required.</p> <p>It was agreed that the September Safety & Quality Committee will receive from the Chief Medical Officer or the Chief Nurse:</p> <ul style="list-style-type: none"> • Report on 2010/11 CA programme, showing number and type of audits v plan with details of significant findings. • The 2011/12 CA plan and a report on progress against it • Management’s responses to IA’s recommendations. • Assessment of SaSH’s performance against the 10 simple rules set by the DoH for Boards to measure the performance of Clinical Audit. • Either a separate response to the points made in the paper to the AAC or ensure that they are covered in other reports. | <p>Actions 3 J Thomas D Holden</p> |
| | <p>BAF</p> <p>The BAF is a work in progress document and is being developed with an update being presented to the July Trust Board. The Trust Board has been through the process this year for BAF and captured relevant issues.</p> <p>N Atkinson advised that he had looked at the BAF for 2010/11 to give assurance and raised a few points:</p> <ol style="list-style-type: none"> 1) Looked at access to ESH regarding reputation. Looked at PALS and Partnership stakeholders. Low level of complaints coming via PALS. 2) Due to time lapse difficult to link scoring into financial targets. 3) Need to control and monitor performance against processes in place 4) (Working capital – cash control paper). This was reviewed to give assurance that mechanisms were in place 5) No impact on SIC for next year against any points raised <p>In response to a comment that the role of ‘PALS’ as a channel for complaints is not widely known, assurance was given that complaints arising through other sources were also picked up.</p> | |

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| 4 | EXTERNAL AUDIT | |
| | <p>Progress Report</p> <p>J Thorpe presented an update on Audit Commission work. The 2010/11 audits are now finalised and the Audit Commission are starting to work on 2011/12 audits and planning reports.</p> <p><i>Monitors review of 2010/11</i> Cost Improvement plans Delivered 3.9% of operating costs at quarter four compared to 3.0% in 2009-10.</p> <p><i>Payment by Results</i> J Power raised a question regarding PBR which is currently based on an internal self assessment only. The Audit Commission are undertaking a national review of PbR assurance of every acute and specialist trust in England this year. A small number of FCEs (200) will be randomly selected for checking for PbR activity for each trust.</p> <p>P Simpson noted that “Monitor” gives good guidance which is used for assessment purposes. Need to use own judgment but Monitor provides tools to achieve. A good score highlighted on Reference Costs last year.</p> <p><i>Service Line Management</i> SLM Reporting Noted that “Monitor” provide the proforma but the trust is not at the stage of implementation at the present time. The trust use the data for information reporting only at the present time.</p> <p><i>Audit Commission</i> E Cooke questioned whether the Government had yet issued any guidance around the future of the Audit Commission. J Thorpe advised that the Audit Commission will be reduced and areas sub contracted with 70% of audit practice being re-tendered. The Audit Commission will remain in place until 2012/13 and then the tendering process will commence. The trust will be advised in 2013/14 of future arrangements when further information available.</p> <p><i>Charities</i> Charitable funds will need to be consolidated in 2 years time (2013/14).</p> <p><i>Overseas</i> L Clegg noted that a high proportion of the 2010/11 charges for overseas related to asylum seekers. Changes in the way the trust can charge for different categories have been made for 2012/13 with more clarity around processes now available for the future. Emergency admissions will remain the same. N Atkinson noted that the overseas charges impact on all trusts and is a common</p> | |

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| | <p>issue with SaSH being particularly affected because of its proximity to Gatwick.</p> <p><i>Submission of accounts</i> P Simpson informed the AAC that the Trust had submitted an Assurance Return to the SHA confirming that there was a technical difference on the balance sheet between the audited accounts and the forms which underpin the preparation of the accounts (called summarisation forms).</p> <p>This return was requested by the DOH after the NAO had carried out a national review of the forms and the accounts and had identified differences between them. Differences above £250k had to be notified. The SHA have recorded and approved this change.</p> <p><u>The AAC acknowledged and approved the update on accounts</u></p> <p><i>Annual Audit letter 2010/11</i> This letter will be discussed in July with the Chief Executive and Chief Financial Officer and with the AAC in September.</p> | | | | | | | | | | | |
| 5 | INTERNAL AUDIT | | | | | | | | | | | |
| | <p>Progress Report</p> <p>As previously requested, the assurance ratings now highlighted at the beginning of the report.</p> <p>5 reports were finalised since the last AAC.</p> <table style="margin-left: 40px;"> <tr> <td>1) Quality Accounts</td> <td>- Green</td> </tr> <tr> <td>2) Equality & Diversity</td> <td>- Amber/Green</td> </tr> <tr> <td>3) Staff Appraisals</td> <td>- Red</td> </tr> <tr> <td>4) Recruitment process</td> <td>- Amber/Red</td> </tr> <tr> <td>5) Booking of Temporary Staff</td> <td>- Amber/Red</td> </tr> </table> | 1) Quality Accounts | - Green | 2) Equality & Diversity | - Amber/Green | 3) Staff Appraisals | - Red | 4) Recruitment process | - Amber/Red | 5) Booking of Temporary Staff | - Amber/Red | |
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| 5) Booking of Temporary Staff | - Amber/Red | | | | | | | | | | | |
| | <p><u>Quality Accounts</u> The target was met for 62 Cancer waiting times and for C Diff hospital acquired infections for the year 2010/11. No issues identified.</p> | | | | | | | | | | | |
| | <p><u>Equality & Diversity</u> It was noted that a lot of work has been carried out in this field over the past 12 months but noted that Cerner is not helpful when providing reports to support required information. Acknowledged that consolidated policies would be useful. A good detailed action plan in place with 87 issues. Some concern raised that there is only 1 lead name identified and it was agreed that there were too many actions for one person. There is a requirement to improve accountability and reporting times.</p> | | | | | | | | | | | |

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| | <p>E Cooke questioned whether any KPIs relate to Equality & Diversity and whether these findings could be benchmarked against other Trusts.</p> <p>Action: N Atkinson to advise best practice and give examples, benchmarked across other acute trusts.</p> | <p>Action 4 N Atkinson</p> |
| | <p><u>Staff Appraisals</u></p> <p>The IA report awarded a red rating i.e. the Board cannot take assurance that the controls upon which the organization relies to manage the risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.</p> <p>At the start of this exercise the number of appraisals completed was very low. Improvements have been introduced - staff have now been employed to facilitate this process. Additionally master-classes have been set up on appraisal training. Doctors, in particular, are being trained on how to carry out appraisals. The appraisal process now includes a future focus by including a section where targets for the following year are set.</p> <p>The end of year target for completed appraisals (as agreed with the SHA) has been set at 90%. Currently the target is achievable as 30% of appraisals have been completed to the end of June.</p> <p>Y Parker expressed some concern around the quality of data and a revised formula on calculation on figures is required. There is now an improved format for appraisal reporting within divisions and the HR team has set out a process of training and education for line managers which needs to be compulsory to ensure all staff are performance managed.</p> <p>One common area is the lack of KPI setting and monitoring in order to step change through the A4C gateway. This is not rigorously applied and does not meet the required standards. Y Parker advised that changes have now been made to enforce this and everyone must have had an appraisal and met objectives in order to make progression through gateways.</p> <p>The role of HR was to write processes and keep central tracking documentation but line Managers and Executives were ultimately responsible for carrying out the required appraisals.</p> <p>Some discussion took place around safeguarding of appraisals as in the past they have been lost as staff left the Trust and no copies found. Many appraisals in the past have taken the form of a casual two way conversation only and no official paperwork completed and this does not constitute an acceptable appraisal. Copies of all appraisals now kept by the Divisional HR Business Partner and a copy of the training element (Personal Development Plan)</p> | |

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| | <p>forwarded to HR to be kept centrally to monitor relevant needs. The loss of past appraisals was felt to be a key concern and assurance by Y Parker welcomed for better safeguarding of documents.</p> <p>R Durban noted that Appraisals/Performance Management had been discussed at the Investment and Workforce Committee and that the red rating had been expected. An update on progress was tabled for the September I&W Committee. He challenged whether everything was now in place to drive this forward.</p> <p>Y Parker expressed confidence that adequate processes are now in place and gave assurance to the AAC on this.</p> <p>A further update will be given to the AAC after 9 months of the current process being in place. Action : Y Parker – Jan 2012 AAC</p> | <p>Action 5 Y Parker January 2012</p> |
| | <p><u>Recruitment process</u> The process needs to be streamlined. Vacancies have now decreased and currently below 10% which is a positive move. The current timescale from receiving a vacancy note to interviewing for employment is currently around 78 days which was felt to be far too high. It was agreed that the current policies needed modifying. Y Parker advised that the new policy is now in its final stages of preparation and will be released soon.</p> <p>M Wilson advised that SaSH use NHS Jobs for advertising positions and the process of sifting through the recruitment applications was very time consuming.</p> <p>Differences were noted around establishment levels recorded within HR and within the Divisions. It was noted that this was a common problem within other trusts. P Simpson advised that this reflected data within the internal ledger and e-rostering systems which were not compatible. The key missing ingredient was the ability to log vacancies within e-rostering. Action: N Atkinson to review and confirm percentage differences</p> <p>A 3 year recruitment/retention strategy had been circulated to the Management Board but no comments received to date.</p> | <p>Action 6 N Atkinson</p> |
| | <p><u>Booking of Temporary Staff</u> Noted that better value is achieved when using the Temporary Staffing Bureau (TSB) but they were not used by every department and where they are being used they are not being used consistently. Anyone booking bank or agency staff outside of the TSB in special circumstances has to obtain authorisation from the Chief Nurse.</p> <p>Bi-weekly nursing meetings are held. TSB leads will be invited to</p> | |

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| | <p>future meetings which would provide an opportunity to receive early indications of requirements. More advanced warning to the TSB would result in them being able to drive actions forward.</p> <p>J Thomas and N Rose meet regularly to discuss monitoring of TSB. The Bank staff offer better value to the Trust but where agency are required, these are recruited via the TSB who have a list of approved agencies.</p> | |
| | <p>Audit Handbook – (changes to the 2005 handbook) N Atkinson had written a brief summary on the new Audit Handbook within his report and highlighted the main changes:</p> <ol style="list-style-type: none"> 1) More emphasis now on AAC’s responsibility for review of the BAF ensuring effectiveness of identified controls in place to manage risk within the organisation. 2) Clinical governance. There is a remit for the AAC to obtain assurance that sound clinical governance arrangements are in place. 3) Data to Board – The AAC need to have assurance that the quality of data being presented is adequate. <p>N Atkinson advised that he had seen a draft of the handbook last year and therefore when preparing the Internal Audit work plan he had structured relevant audits into the plan. The changes were already reflected in the AAC Terms of Reference. The changes supported the split between Finance and Clinical with an even balance of areas to be reviewed.</p> <p>Thanks expressed for his summary of the Audit Handbook and also the useful summary on page 12 regarding the Governance changes in response to the NHS Future Forum and awareness of the updates and the impact on the Trust.</p> | |
| | <p>Audit Tracker It was noted that that a lot of work had been undertaken since the previous AAC and of the 101 recommendations brought forward, 24 had now been validated and could be removed from the tracker. Evidence collation in progress for many other outstanding recommendations and an action column to be added to tracker to include responsibility for clearing old actions. It was anticipated that the majority of these would be removed shortly. There were also a number of very old recommendations that are likely to have been superseded. An action column to include responsibility for clearing old actions. These will be checked prior to the next AAC to ascertain whether they can be removed.</p> <p>The 17 outstanding recommendations in relation to the “Endoscopy” audit to be chased and an update given to the September AAC.</p> <p>N Atkinson to chase for responses to Endoscopy audit and feedback to September AAC.</p> | <p>Action 7 N Atkinson</p> |

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| | | <p>Audit Plan 2011-12 The draft strategy for Internal Audit for 2011/12 – 2013/14 was presented. This has been seen before by the AAC and was presented with Chairman’s changes added and additional report added regarding stock.</p> <p><u>The Audit Plan was formally accepted and approved by the AAC</u></p> | |
| | | <p>Annual Report This report covered the period July 2010 – June 2011.</p> <p>N Atkinson noted the chart on page 6 within the document with figures that could be used as benchmarking comparisons in future years. P Simpson confirmed that the AAC needed to ensure that they understood the scoring and he was interested to see how the SaSH chart compared with other Foundation Trust and Acute Trusts.</p> <p>Performance measures now included within the report. N Atkinson expressed confidence that KPIs would be achieved.</p> <p>N Atkinson advised that he was very happy with the level of management / executive support from the Trust and the level of engagement within the Trust.</p> <p>A final document will be circulated when completed.</p> | |
| 6 | | <p>LCFS</p> | |
| | | <p>Progress Report</p> <p>S Doyle reported that Fraud Awareness Training still being provided on a monthly basis and LCFS have delivered training to 288 staff.</p> <p>The overpayment policy is to be reviewed following a case in 2010 relating to a former employee.</p> <p>Key pro-active reviews:</p> <p>PAA 4344 False claim for sick pay This case is now being reviewed with NHS Protect who are preparing for possible legal proceedings</p> <p>PAA 4563 LCFS reviewing potential fraudulent signatures and obtaining statements from relevant staff.</p> <p>M Wilson questioned the timescale for completion of counter fraud claims and was advised that these were linked by Criminal Investigation and the LCFS therefore had their hands tied on timelines.</p> | |

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| | | Assurances regarding results will be obtained via internal reports. | |
| | | <p>Counter Fraud Policy L Clegg advised that the policy was currently being reviewed and should be completed by the end of August.</p> | |
| | | <p>NHS Protect N McLaughlin updated the AAC on the changes of the structure within Counter Fraud.</p> <p>Regional teams are to be removed and will be replaced with a national team dealing with high value cases. The overarching body for the NHS will still be the DoH.</p> <p>The move to national resources will give added value with additional intelligence on hand.</p> <p>A regional development officer will be delegated to each region. For SaSH, this person will still be Sarah Pratley but on a higher level, Nicole will be the contact who will have meetings with the Chief Financial Officer as required.</p> <p>Concern raised over the perceived tension in the past between the LCFS and the CFMS team. It was hoped that the revised process and approach will lead to more co-operation and joint working.</p> <p>Action: A copy of the revised structure will be circulated N McLaughlin / S Pratley</p> | <p>Action 8 N McLaughlin/ S Pratley</p> |
| | | <p>Hospitality & Gifts Policy LCFS are currently making some changes to the draft policy and this will be circulated by S Mason within the next 2 weeks. This is currently being checked to ensure it compliments the trust "Rules of Procedure" that are in place.</p> <p>Action: S Mason to email document to AAC members for approval within 2 weeks.</p> | <p>Action 9 S Mason</p> |
| 7 | | INTERNAL SASH REPORT | |
| | | <p>Losses and Compensations</p> <p>This report presented for information.</p> | |
| | | <p>Waivers</p> <p>This report presented for information.</p> | |
| | | New AAC Handbook | |

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| | Discussed under Internal Audit section above. | |
| 8 | <p>ANY OTHER BUSINESS</p> <p>Procurement Rules</p> <p>Paul Simpson advised that in 2010/11 the trust employed a management consultant to support :</p> <ol style="list-style-type: none"> a) Better, Safer, Closer (BSC) - on behalf of the health system b) Stroke Service – including, latterly, acting as the Service Manager <p>In both cases the final cost exceeded the original anticipated levels but in total is above OJEU limits and potentially a breach. In one case SaSH was acting as an agent for the health system and in the other a service manager role was being provided – it is arguable if health service exemptions applied. AAC is being formally notified of the situation and the action that has been or is being taken.</p> <p>MW advised about the difficulties of securing the calibre of support required in these areas (clinical pathway and service management) and the need to secure resource quickly (as in the case of the extension to the stroke support)</p> <p>Action:</p> <ul style="list-style-type: none"> • BSC responsibility transferred to PCTs • Consultant not to be used – confirmed with all Directors • New procurement being initiated to create framework and avoid it happening again <p><u>AAC noted above and supported actions</u></p> | |
| | <p>DATE OF FUTURE MEETINGS</p> <p>13th September 10.00 – 13.00 AD77 15th November</p> <p>Pre meet at 09.30 for NEDs, Internal and External Auditors</p> | |