

<b>TRUST BOARD IN PUBLIC</b>	<b>Date: 25<sup>th</sup> July 2013</b>	
	<b>Agenda Item: 5.1.1</b>	
<b>REPORT TITLE:</b>	<b>Audit &amp; Assurance Committee Chair Update</b>	
<b>EXECUTIVE SPONSOR:</b>	Richard Congdon (Non Executive Director and AAC Chair)	
<b>REPORT AUTHOR:</b>	Colin Pink, Corporate Governance Manager	
<b>REPORT DISCUSSED PREVIOUSLY:</b> (name of sub-committee/group & date)	Audit & Assurance Committee - 02/07/13	
<b>Purpose of the Report and Action Required:</b>		(√)
	<b>Approval</b>	
	<b>Discussion</b>	
	<b>Information/Assurance</b>	√
<b>Summary of Key Issues</b>		
<p>The key points from the AAC meeting where as follows:</p> <ul style="list-style-type: none"> <li>• <b>Medical Records:</b> the committee was comfortable with action in train and noted the risk assessment around medical record availability, quality, duplication and storage (improved risk but amber rated). Since the meeting it has been confirmed that I Mackenzie will be the lead director responsible for completing the various connected medical records projects.</li> <li>• <b>Quality Account:</b> External audit provided qualified assurance on their limited audit on the 2012/13 Quality Account, primarily because the Trust had not met the timetable in its preparation.</li> <li>• <b>Significant Risk Register and Board Assurance Framework:</b> The Committee discussed both in some detail as part of the process to ensure focus, linkage, timeliness and good quality content in these important tools. Management would work to implement improvements in all these areas.</li> <li>• <b>Private and Overseas patients.</b> The committee was assured about management of debt and the financial aspects in these areas.</li> <li>• <b>Internal Audit:</b> <ul style="list-style-type: none"> <li>○ Four new reports were presented: payroll, the quality account (both amber/green); risk maturity (advisory); and revalidation (green).</li> <li>○ In his annual report the Head of Internal Audit focussed on incident reporting and clinical audit improvements that had been demonstrated and advised that overall the Trust had wider and stronger assurance than in previous years.</li> </ul> </li> <li>• <b>The Committee Work Plan:</b> The draft work plan was discussed. AAC members agreed to meet soon outside of the AAC to discuss, while management continued with its assessment of internal control systems.</li> </ul>		

<b>Relationship to Trust Corporate Objectives &amp; Assurance Framework:</b>	
This Board sub-committee supports the achievement of all Trust objectives but of specific relevance is: Priority 3: Develop an effective organisation. The whole Board Assurance Framework is discussed at the Committee and is reported on in the report.	
<b>Corporate Impact Assessment:</b>	
<b>Legal and regulatory implications</b>	<p>The AAC reviews assurance in respect of all Trust systems of control which includes reporting and compliance with all statutes applied to an NHS Trust.</p> <p>Financial performance is subject to Schedule 5 of the NHS Act 2006 which provides the “breakeven duty”.</p> <p>The AAC reviews assurance in respect of all Trust systems of control which includes reporting and compliance with all regulation applied to an NHS Trust. The main regulators, however are as follows:</p> <ul style="list-style-type: none"> <li>- External audit (the Audit Commission for this Trust) give an opinion on the Trust’s compliance with International Financial Reporting Standards and with NHS accounting conventions – this is not purely financial and deals with procurement, fraud, transparency and legal duties. It also gives a Value for Money Conclusion on the Trust’s ability to put in place arrangements to deliver economy, efficiency and effectiveness in its use of resources.</li> </ul> <p>The Care Quality Commission registers the Trust according to its compliance with regulations concerning the safety and quality of services.</p>
<b>Financial implications</b>	<p>No material financial implications.</p> <p>The report provides independent assurance about BAF reporting on financial risk and counter fraud systems</p>
<b>Patient Experience/Engagement</b>	No relevant aspects
<b>Risk &amp; Performance Management</b>	<p>The committee provides assurance about internal control and risk management.</p> <p>This report discusses BAF reporting (and is positive) and also (positive) progress on the implementation of two risk items(response to internal audit reports on incident management and clinical audit) that were rated as “serious control issues” in the 2011/12 Annual Governance Statement.</p>
<b>NHS Constitution/Equality &amp; Diversity/Communication</b>	No relevant aspects
<b>Attachments:</b>	

## **TRUST BOARD REPORT – 25<sup>TH</sup> JULY 2013** **Audit & Assurance Committee Chair Update**

The Audit and Assurance committee met on the 2<sup>nd</sup> July 2013 it was quorate.

The **key points from the 22 April AAC (Accounts Only) meeting** are as follows:

### **1) Medical Records:**

Quality of Medical records was previously raised as a concern by an external audit concerning payment by results. The committee discussed its concerns focussing on storage and temporary sets of notes, what had been done so far by the Trust, Executive Ownership and the key performance indicators which have been developed to monitor performance. The committee was reassured that risks had been mitigated and with Director ownership the Trust was heading in the right direction to resolve outstanding issues. External Audit agreed that sufficient work had been completed but this would need review in the future. This issue would now be passed to the Safety and Quality Committee to continue review progress.

### **2) Quality Account**

External audit provided qualified limited assurance on the 2012/13 Quality Account. The document was consistent with the regulations and had been completed on time. However, it had not been completed in a timely manner which allowed external agencies to carry out a full review of the document. The Trust went on to describe concerns over availability of national data which needs to be included. The Trust thanked its colleagues in Internal and External Audit for their support and advice during the process. The committee agreed that the report was of high standard and had been agreed by the Board.

### **3) Significant Risk Register and Board Assurance Framework**

The Committee focussed on the significant risk register (SRR) and the actions described in the Internal Audit report on risk maturity. The committee agreed that the SRR had become a sharper more focussed document however further work is required to ensure that the SRR has greater links to the board assurance framework (BAF) and provides a more balanced view of the risks the Trust is exposed to. The committee agreed that the BAF needed further work to improve its fitness for purpose. The committee agreed that the overall management of Risk had improved over the last financial year.

### **4) Private and Overseas patients.**

The committee discussed its level of assurance that private patient debt recovery was being well managed but agreed that the management of debt

for overseas patients was hampered by external difficulties. The committee agreed that bad debts were being accounted for appropriately and that good assurance had been provided to internal audit.

#### **5) Internal Audit Report**

The report focussed on four new reports; payroll, the quality account, risk maturity and revalidation. All of which provided good or adequate assurance to the committee that appropriate systems are in place. Of particular note Internal Audit believed that the Trusts revalidation process for medical staff was in a significantly advanced stage when compared to other Trusts.

In his annual report the Head of Internal Audit focussed on incident reporting and clinical audit and improvements that had been demonstrated. Then went on to highlight improvements in data quality, performance management and benchmarking and stated that the Trust has wider assurance than in previous years.

#### **6) Counter Fraud**

The Trust's counter fraud representative detailed their report focussing on greater robustness of counter fraud measures and improvements in what was already a strong system of controls.

#### **7) The Committee Work Plan**

The draft work plan and systems for monitoring significant controls systems was tabled for discussion. It was agreed that the initial work was positive and moving in the right direction. Finalisation is to be carried forward and further work is required before the next committee.

[END]