

AUDIT & ASSURANCE COMMITTEE  
2 September 2013

**ITEM:**

**MINUTES OF AUDIT & ASSURANCE COMMITTEE**

**SYNOPSIS:**

**Attached are the minutes of the Audit & Assurance Committee held  
on 02 July 2013**

**AUTHOR:**

**GILLIAN FRANCIS-MUSANU  
DIRECTOR OF CORPORATE AFFAIRS**

**ACTION REQUIRED:**

**FOR APPROVAL**

**Signed by the Chair of Audit & Assurance Committee.....**  
*(subject to amendments duly recorded)*

**Date: .....**

**AUDIT & ASSURANCE COMMITTEE**

**Meeting held on Tuesday 2<sup>nd</sup> July 2013 10.30 – 1.30**  
**Venue: Room AD77, Trust HQ, East Surrey Hospital**

<b>Present:</b>		
Richard Congdon	RC	Non Executive Director (Chair)
John Power	JP	Non Executive Director
Richard Durban	RD	Non Executive Director
Richard Shaw	RS	Non Executive Director
Paul Simpson	PS	Chief Finance Officer
<b>In attendance:</b>		
Yvette Robbins	YR	Non-Executive Director
Gillian Francis-Musanu	GFM	Director of Corporate Affairs
Des Holden	DH	Medical Director
Yvonne Parker	YP	Director of Human Resources
Darren Wells	DW	Grant Thornton
Jamie Bewick	JB	Grant Thornton
Lorraine Clegg	LC	Deputy Chief Finance Officer
Majid Bhatti	MB	Head of Financial Accounts
Nick Atkinson	NA	Internal Audit
Colin Pink	CP	Corporate Governance Manager
Stuart Doyle	SB	Counter Fraud Specialist
<b>Apologies</b>		

		<b>Action by :</b>
<b>1</b>	<b>Welcome and Apologies for absence</b> R Congdon welcomed everyone to the meeting. No apologies were noted.	
<b>2</b>	<b>Minutes of last meeting</b> The minutes of previous meeting held on 31 May 2013 were reviewed. There were no adjustments made to these minutes and they were recorded as being a true and accurate record of the meeting. <b>ACTIONS:</b> <b>1) Revised Medical Records action plan to be circulated between meetings of the AAC and to be presented to the next AAC meeting by D Holden.</b> Complete and on July agenda. <b>2) P Simpson to review the SFI's and amend them to ensure the Committee has greater freedom to decide the regularity of the losses and Comps paper coming to the AAC.</b> Complete and on July agenda. <b>3) The BAF to include if the assurance is internal or external as well</b>	

		<p><b>as to be reviewed regularly by management.</b> Complete and on July Agenda.</p> <p><b>4) M Bhatti to provide further breakdown on the bad debts including percentages of patient income resulting in write off.</b> Carried forward to July AAC.</p> <p><b>5) Action: To finalise Annual Report with changes as described above.</b> Complete.</p> <p><b>6) G F-Musanu to give further consideration to the regularity of the BAF and SRR.</b> On July agenda.</p> <p><b>7) YParker requested to attend July AAC and to present payroll report.</b>  Y Parker to present.</p> <p><b>8) AAC to be provided with procedures / processes around agreeing draft audit reports.</b>  Discussed and accepted, complete.</p> <p><b>9) Internal Audit Plan to be presented to July AAC.</b>  On July agenda, complete.</p> <p><b>All other actions noted within the minutes had been completed or were included within the current agenda for discussion.</b></p>	
2	1	<p><b>Update Action Plan for Medical Records</b></p> <p>D Holden presented an update on the action plan to improve management of Medical Records as previously raised as a concern by an external audit concerning payment by results.</p> <p>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 indicators which have been</p>	

		<p>developed to monitor performance.</p> <p>Audit results of temporary notes highlighted the complexity of situation with clinical leads providing details of the problems inherent in the system.</p> <p>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.</p> <p>Y Robbins sought assurance on the management of any patient safety risks associated with temporary notes. D Holden referred to the actions previously described in the report, that reduced numbers of areas can now generate temporary notes and that the Trust would have to increase the rigour of both adhoc clinics and ordering of notes.</p> <p>This issue would now be passed to the Safety and Quality Committee to continue to review and seek further updates over time.</p> <p>External Audit agreed that sufficient work had been completed to satisfy the initial concerns raised but this would need review in the future.</p> <p>N Atkinson stated that the issue would be picked up in the 3 year internal audit cycle.</p> <p><b>R Congdon summarised the discussion and requested notification once the new Executive Lead had been established</b></p>	<p><b>Action 1 DH</b></p>
2	2	<p><b>Overseas and Private Patient Debts</b></p> <p>P Simpson presented the two papers highlighting the differences in control of two systems of patients. In particular the concerns of irresolvable management of overseas debt, noting two cases which had been written off.</p> <p>J Power asked whether we are capturing the full extent of the problem. P Simpson stated that policies and procedures were in place and N Atkinson highlighted that there was good Internal Audit assurance of the controls in place.</p> <p>The committee focussed on the systems in place to mitigate against</p>	

		<p>the risk of bad debt connected to overseas patients. M Bhatti described the updates to policies that had been rolled out to all divisions.</p> <p>R Shaw asked the committee what the level of private income was for the Trust to which L Clegg reported the private income as being £300,000 for private patients and £454,000 for other non-private patients in this group.</p> <p>R Durban stated that it was an encouraging report and that the financial risk associated appeared low. He went on to ask how the deposit scheme worked. LClegg explained the detail of the process.</p> <p>The committee agreed that bad debts where being accounted for appropriately and that good assurance had been provided to internal audit.</p>	
3	1	<p><b>BAF and Significant Risk Register</b></p> <p>G Francis-Musanu presented the significant risk register (SRR) and the actions described in the Internal Audit report on risk maturity.</p> <p>R Shaw stated the SRR was sharper than earlier versions but still lacked detail on operational risks such as delayed discharge.</p> <p>G Francis-Musanu agreed with this comment and stated that at the recent MBQR the Division's had been challenged to review and ensure all risks were recorded in particular focussing on the lack of division level financial risks.</p> <p>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.</p> <p>G Francis-Musanu presented the BAF and stated <b>that all risks identified on the BAF would be added to the Trust Risk Register.</b></p> <p>N Atkinson stated that document did not feel collectively owned and that there should be focus to align the description of risks.</p> <p>R Congdon asked the committee if they where happy that the target</p>	<p><b>Action 2 GFM</b></p>

		<p>risk scores were acceptable to which there was general agreement.</p> <p>The committee agreed that the BAF needed further work to improve its fitness for purpose. In particular ensuring that all sections of the BAF were complete and updated.</p> <p>The committee agreed that the overall management of Risk had improved over the last financial year.</p>	
4	a.2	<p><b>Quality Account</b></p> <p>D Wells provided qualified limited assurance on the 2013/13 Quality Account. Stating that the document was consistent with the regulations and had been completed on time. But that the consultation had not been completed in a timely manner such that external agencies could carry out a full review of the document.</p> <p>D Holden went on to describe concerns over availability of national data which needed to be included.</p> <p>D Holden thanked his colleagues in Internal and External Audit for their support and advice during the process. Lessons had been learnt for the future and would be put in place for next year.</p> <p>The committee agreed that the report was of high standard and had been approved by the Board prior to upload on the NHS Choices website at the end of June.</p>	
	b.1	<p><b>Internal Audit Progress</b></p> <p>N Atkinson presented the paper. The report focussed on four new reports: payroll, the quality account, risk maturity and revalidation. All of which provided good assurance to the committee that appropriate systems are in place.</p> <p>N Atkinson highlighted concerns over two audits outstanding actions; Temporary Staffing and Incident Management.</p> <p>The committee focussed on the payroll feeder systems audit. This highlights the need to improve signatory lists, employment change notifications and improving the systems connecting the Trust to its external provider SBS.</p>	

		<p>P Simpson highlighted that the Trust has a contract management process with an agreed escalation process which has been audited by Internal Audit; this provided good assurance of the control systems in place.</p> <p>N Atkinson presented the audit of the Trusts revalidation process for medical staff which highlighted that the Trusts systems was in a significantly advanced stage when compared to other Trusts.</p> <p>Y Robbins queried the quality of the appraisal system; however the focus of the audit was on the process rather than the quality so assurance could not be provided on this particular area.</p> <p>N Atkinson presented the audit of the Trusts Risk Maturity which highlights improvements since the last audit and a road map for the Trust to improve its systems.</p> <p>R Durban requested a management report on the use of the risk register for assurance. P Simpson and C Pink described the process of reviewing the risk register at MBQR.</p> <p>R Congdon stated that he would consider how the committee would in the future request assurance that amber risks (not on the SRR) were being managed.</p>	
4	b.2	<p><b>Internal Audit Annual Report</b></p> <p>N Atkinson presented the annual head of internal audit report which focussed on incident reporting and clinical audit. In particular the improvements that had been demonstrated in clinical audit. Then went on to highlight improvements in data quality, performance management and benchmarking.</p> <p>R Congdon asked whether there were better control systems had been put in place over the last 24 months. N Atkinson stated that the Trust has wider assurance than in previous years.</p> <p>The Committee noted the report.</p>	

b.3	<p><b>Internal Audit Tracker</b></p> <p>N Atkinson presented the Internal Audit Tracker. This highlights that 45 of the 68 actions agreed had been implemented. He went on to comment that overall there had been very good progress and that blockages have started to resolve.</p>	
b.4	<p><b>Internal Audit Plan 13/14</b></p> <p>N Atkinson presented the updated internal audit plan which is set by carrying out horizon scanning and follow ups on previous concerns highlighted by audit. It is based on a 3 year review, corporate objectives and the BAF.</p> <p>Following the Francis review, audits are planned for clinical governance, discharge, admission and complaints management.</p> <p>Y Robbins highlighted new concerns based on the quality of assurance provided by recent CQC inspections. N Atkinson highlighted that internal audits of CQC outcomes were based on control systems and therefore provided a different and robust assurance of systems rather than outcomes.</p> <p>The committee asked for the audit on data quality to be brought forward. <b>P Simpson interjected stating that because of concerns of data quality a focused mini audit was already underway to review the trust position which is due to be fed back at the September meeting.</b></p> <p>P Simpson stated that the audit plan would need to reflect the AAC workplan and vice versa. The draft AAC workplan has prioritised areas of risk.</p> <p>R Congdon stated that he was happy with the thorough planning that had gone into the audit plan and specifically asked to be involved in the scoping stage of the internal audit of clinical governance and for suitable amount of time to be allocated on the agenda when the final report is discussed at AAC.</p> <p>N Atkinson asked whether the committee were happy for Internal Audit to commence the start of the plan. The Committee agreed.</p>	<p>Action 3 PS</p>

	c	<p><b>Counter Fraud Progress and Annual Report</b></p> <p>S Doyle detailed their report focussing on greater robustness of counter fraud measures and improvements in what was already a strong system of controls.</p> <p>The committee discussed the issues raised in the staff survey which did not reflect the high level of engagement and referrals made to the Counter Fraud team.</p> <p>J Power thanked the team for the report and asked questions regarding the level of risks associated with payroll. S Doyle commented that the Trust benchmarked favourably in comparison with other Trusts in this field.</p> <p>R Congdon thanked S Doyle for the report and commented on the positive assurance it provided.</p>	
5	1	<p><b>SFIs</b></p> <p>For information. To be taken to Board for approval at the end of July.</p>	
	2	<p><b>Losses and Compensations Wavers</b></p> <p>For information. To be taken to Board for approval at the end of July.</p>	
6	1	<p><b>Review of AAC Workplan and objectives</b></p> <p>R Congdon described the draft AAC workplan and how it links to internal control systems and the BAF. He went on to state that more work would be required with the Directors responsible for each workstream.</p> <p>J Power stated that the plan lines up with the national guidance and was a promising piece of initial work.</p> <p>P Simpson described how the paper had been written focussing on the selection of relevant control systems and the level of assurance each had been given. PSimpson requested that the NEDs should review the final document.</p> <p><b>P Simpson to bring updated document to next AAC</b></p>	<p><b>Action 4 PS</b></p>

2	<p><b>Review of meeting and any other business</b></p> <p>R Congdon summarised the meeting. Commenting on the ambitious nature of the agenda and the topics it covered. He reflected that the meeting had provided good assurance on the topics covered and that the detail of discussions had been relevant and useful.</p> <p>R Congdon made 3 specific points regarding future meetings particularly: The Trust needs to focus on timeliness of reports, that there should be less discussion on previous action points and that presenters of papers should reduce the amount of time spent reading the report in the meeting.</p>	
	<p><b>Date of Next Meeting: 2nd September 2013</b></p>	