

**AUDIT & ASSURANCE COMMITTEE**  
5 November 2013

**ITEM:**

**MINUTES OF AUDIT & ASSURANCE COMMITTEE**

**SYNOPSIS:**

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

**AUTHOR:**

**Colin Pink  
Corporate Governance Manager**

**ACTION REQUIRED:**

**FOR APPROVAL**

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

**Date: .....**

**AUDIT & ASSURANCE COMMITTEE**

**Meeting held on Monday 2<sup>nd</sup> September 2013 10.00 – 1.00**  
**Venue: Room AD77, Trust HQ, East Surrey Hospital**

|                        |     |                                |
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| <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         |
| <b>In attendance:</b>  |     |                                |
| Yvette Robbins         | YR  | Non-Executive Director         |
| Jamie Bewick           | JB  | Grant Thornton                 |
| Majid Bhatti           | MB  | Head of Financial Accounts     |
| Nick Atkinson          | NA  | Internal Audit                 |
| Colin Pink             | CP  | Corporate Governance Manager   |
| Sarah Pratley          | SP  | Counter Fraud Specialist       |
| Paul Simpson           | PS  | Chief Finance Officer          |
| <b>Apologies</b>       |     |                                |
| Gillian Francis-Musanu | GFM | Director of Corporate Affairs  |

|          |  | <b>Action by</b><br>: |
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| <b>1</b> | <b>Welcome and Apologies for absence</b><br>R Congdon welcomed everyone to the meeting. Apologies where noted.   |                       |
| <b>2</b> | <b>Minutes of last meeting</b><br>The minutes of previous meeting held on 2 <sup>nd</sup> September 2013 were reviewed.<br>Adjustments were discussed and agreed. With changes the minutes were recorded as being a true and accurate record of the meeting.<br><b>Actions from previous meetings:</b><br>Actions from previous meeting were discussed. It was agreed that in future the action tracker would be updated as much as possible before the meeting rather than being updated during the meeting.<br>All actions are to be noted and monitored using the action tracker. |                       |

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| 3 | 3.1 | <p><b>Board Assurance Framework (BAF) Suggested changes to format</b></p> <p>C Pink introduced the new format for the Board Assurance Framework which aims to improve layout and readability. The format was accepted on the understanding that the narrative report that supplemented the document for the board would need to be amended to highlight to the reader all key risks.</p>  |                                   |
|   | 3.2 | <p><b>Board Assurance Framework</b></p> <p>Richard Durban suggested that with the format change the Trust could review the content of the BAF and highlighted the lack of narrative regarding “right place, right time”, its impact on patient experience and effect on the local health system and went on to query the consistency of scoring.</p> <p>P Simpson agreed that the scoring on the BAF could be improved through moderation.</p> <p>Y Robbins highlighted issues that could be included and listed 8 key risks that were not described as risk.</p> <p>The committee went on to discuss the level of rigour involved in developing each iteration of the BAF and that more collective challenge was required.</p> <p>P Simpson highlighted that the Trust was in a position of high performance and that the key long term risks included finance and the unpredictability of how the local health economy will develop.</p> <p>R Congdon reiterated the challenge that the BAF did not include patient safety risks on the Trust’s significant risk register, meaning that the Board would need to see both the BAF and SRR to understand the Trust’s risk profile.</p> <p>P Simpson summed up the actions for the discussion of the BAF and Trust SRR.</p> <p><b>Action: To review the risks described on the BAF to improve the description of the key risks and moderate risk scores</b></p> <p><b>Action: To split estates infrastructure and IT infrastructure on</b></p> | <p>Exec Team</p> <p>Exec Team</p> |

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|       |  | <p><b>the BAF</b></p> <p><b>Action: To review and moderate the Trust's SRR before the September board</b></p> | <p><b>Exec Team</b></p> |
| 4.a.1 | <p><b>External Audit</b></p> <p>J Bewick presented the annual external audit letter for information and discussion. The key points were as follows:</p> <ul style="list-style-type: none"> <li>• An unqualified opinion on the accounts which give a true and fair view of the Trust's financial position as at 31 March 2013 and its income and expenditure for the year.</li> <li>• A qualified conclusion in respect of the Trust's arrangements for securing financial resilience. This is related to the Trust's underlying deficit position and that it continues to be in breach of its break even position. The Auditors noted that they were satisfied that the Trust had put proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2012-13.</li> <li>• A qualified limited assurance report in respect of the Trust's Quality Account. This was the result of draft reports being presented late to the external auditor which had adversely impacted on their audit review.</li> </ul> <p>R Durban asked how the cost and activity values had been developed on page 10 of the letter. JB stated that these were based on the weighting of average cost which for the Trust is lower than its peer group.</p> <p>The committee agreed that this was positive assurance. P Simpson went on to explain how this information would be monitored by the Finance and Workforce Committee.</p> <p>Y Robbins queried why day case surgery was picked as a specific indicator. P Simpson explained that this had been chosen so that the Trust would get an in depth understanding of this pathway and that the findings provided strong assurance that these pathways were being managed well and benefited from.</p> <p>Y Robbins queried whether this letter could be used for assurance that the Trust is providing value for money.</p> <p>P Simpson stated that this was a very positive letter and</p> |   |                         |

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|   |       | demonstrated that the Trusts Elective Strategy was working.   |                               |
| 4 | 4.b.1 | <p><b>Internal Audit</b></p> <p>N Atkinson presented the IA Progress report which focussed on two new reports; Safeguarding Children and Data Quality. The Safeguarding Children audit suggested that improvements could be made in training systems to ensure that all key staff are suitably trained.</p> <p>R Durban highlighted that he had not yet seen training figures for 2013-14 and indicated that that there should be a KPI for this element of training and similar core skills.</p> <p>Y Robbins suggested that the Safeguarding team should include this on the risk register.</p> <p>P Simpson resolved to feed back all actions and comments to the Safe Guarding lead. The committee requested an update report at the November AAC.</p> <p><b>Action: To request an update paper from Deputy Chief Nurse regarding the Adult Safeguarding Audit</b></p> <p>N Atkinson then went on to discuss the data quality audit which is Amber Green and overall positive but recommends that the strategy needs to be updated.</p> <p>The committee then went onto discuss the use of data in the Trust. Specifically whether future audits could include IT implementation and if the current department was fit for purpose. The committee agreed that there was still work to be done to improve data quality and usage throughout the Trust.</p> | Director of Corporate Affairs |

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| 4 | 4.b.3 | <p><b>Internal Audit Plan</b></p> <p>N Atkinson presented the updated Internal Audit plan.</p> <p>Specific focus was applied to the plan for auditing Clinical Governance.</p> <p>R Congdon asked whether the audit would provide assurance on the Trust's strategies, processes and culture relevant to the area of clinical governance...</p> <p>N Atkinson suggested that the audit should focus on outcome which would then allow the Trust to develop appropriate actions.</p> <p>It was agreed that audit of clinical governance would require specific focus to ensure that the output was relevant and that a framework would be developed in order to facilitate the audit process.</p> <p><b>Action: To map Trust's clinical governance such that Internal Audit can carry out it planned audit</b></p> <p>R Congdon drew the review of Internal Audit plan to a close. The plan was agreed by the Committee.</p> | <p><b>Medical Director and Chief Nurse</b></p> |
| 4 | 4.c.1 | <p><b>Counter Fraud</b></p> <p>S Pratley presented Local Counter Fraud report focussing on 3 particular cases that had been identified recently. One such case had led to the successful prosecution of a member of locum/agency staff who had made fraudulent claims. The committee congratulated the LCFS team on their achievement of a successful prosecution and conviction in the fraud case.</p> <p>R Shaw asked for clarification as to how the team prioritised its work. S Pratley highlighted that the counter fraud team currently use proactive systems to identify known risks and reactive information from internal sources.</p> <p>The committee then asked for clarification as to why PAA4794 and PAA5648 were not followed through. R Congdon asked that the priority levels for these issues be reviewed.</p> <p>S Pratley resolved to look at the priority levels for items highlighted</p>           |  |

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|   |     | in the report.   |  |
| 5 | 5.1 | <p><b>AAC Work plan</b></p> <p>R Congdon tabled a paper which looked to define the work plan for the committee and its interrelationships with the Board and other sub committees. The work plan is derived from Appendix C of the NHS Audit committee handbook and aims to ensure that the committee fulfils its duties and can produce an annual report to the Trust Board in November 2014. It is based on a 6 meeting schedule. The focus will be on the board assurance framework, risk management and comparison of both internal and external sources of assurance, with appropriate reference to the internal controls assurance framework.</p> <p>The committee discussed how the work plan would be implemented and agreed that any new or emergent risk could be raised at the time and would not have to wait for the scheduled meeting. It went on to discuss how each board sub committee would feed into the AAC. It was agreed that work was required to ensure that each committee was aware of its accountabilities to gain different elements of assurance from the map of controls that management was developing and how that would then feed the requirements of AAC.</p> <p>The committee discussed the respective roles of AAC and the Board in respect of risk management and agreed to propose to the Board that its role would be to scrutinise the accuracy and completeness of Board Assurance Framework and Risk Register. If the Board accepts this proposal then it would still be for the Board to determine its appetite for risk and to satisfy itself that appropriate progress is being made towards target risk. Whilst relying on the AAC to scrutinise and provide assurance on the quality of the documents and the underlying risk management system.</p> <p><b>Action: RC to request clarification from Board as to AAC responsibility for risk management</b></p> <p>The committee asked a series of questions regarding risk management within the Trust which are to be reviewed and discussed at the next meeting.</p> <p>The work plan was agreed in principle with minor changes and will</p> |  |

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|  |     | <p>now need to be included in the Trust Rules of Procedure.</p> <p>The committee also agreed to carry out a self evaluation exercise of its own effectiveness using the Handbook tool as described on the draft work plan.</p>  |  |
|  | 5.2 | <p><b>Review of meeting and AOB</b></p> <p>R Congdon drew the meeting to an end and asked for comments.</p> <p>It was agreed that the conversation on the work plan, BAF and risk management had been longer than anticipated but that it had been a necessary and productive conversation.</p> <p>P Simpson reiterated the key actions for management which were agreed.</p> |  |
|  |     | <p><b>Date of Next Meeting: 5<sup>th</sup> November 2013</b></p>  |  |