

## Audit & Assurance Committee Chair Update

**Summary:** This report briefs the Board on the key issues discussed at the meeting of the committee on 3 July 2012.

The main issues to note were:

- Auditors confirmed that the **Trust's Quality Account** was compliant (but Management had not completed the action plan)
- Actions to implement the recommendations on **the Serious Incident Internal audit report** were behind time – assurance was required at the next meeting
- the Private AAC received and accepted an Internal Audit investigation into what had happened to place **unratified policies on the Trust intranet ahead of the NHSLA accreditation visit** in January and remove them afterwards. The situation had been corrected and NHSLA accreditation was not affected. No further action was required. Management action in dealing with this was commended.
- This was **Edward Cooke's last AAC** – the Committee noted how far it had come under his leadership and particularly noted the contribution of RSM Tenon as internal auditors.

<b>Action:</b>	The Board is asked to note the update.
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<b>Presented by:</b>	Edward Cooke (Non-Executive Director)
<b>Author:</b>	Paul Simpson (Chief Financial Officer)

**Notes:**

<b>Trust objective:</b>	The Board Committees support the achievement of all objectives but of specific relevance is: Priority 3: Develop an effective organisation:.
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<b>Legal:</b>	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. Financial performance is subject to Schedule 5 of the NHS Act 2006 which provides the "breakeven duty".
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**Regulation:**

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:

- 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.
- The Care Quality Commission registers the Trust according to its compliance with regulations concerning the safety and quality of services

## Audit & Assurance Committee Chair Update

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<b>Date</b>	21 July 2012 (AAC was on 3 July 2012)
<b>Author</b>	Paul Simpson (CFO)
<b>Audience</b>	Trust Board Members

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The **key points from the 3 July AAC meeting** are as follows:

1. The **Board Assurance Framework** was reviewed (in good time ahead of the 3 August Board), comments provided and agreement reached with Internal Audit on their programme of review of individual lines in 2012/13.
2. **Quality Account External and internal audit reviews:** External Audit concluded that the Quality Account is consistent with the requirements set out in the National Health Service (Quality Accounts) Regulations 2010 and the National Health Service (Quality Accounts) Amendment Regulations 2011. Internal Audit's report was graded red/amber.  

Trust Management had not updated the recommendations in the External Audit Report (and must get on and do so) and there were a number of presentational issues raised. The AAC wanted clarification over Executive Director responsibilities in relation to the document.
3. **Internal audit reviews:**
  - a. **Overseas and Private patients** – red /amber: no issues over process but promulgation and embedding of private patient guidance and rules needed to be better among medical staff. AAC received assurance about the management of overseas patient cases and recognised the sensitivity and difficulty involved in dealing with those cases.
  - b. **Information Governance** - Green/Amber: no issues. Good assurance.
  - c. **Quality Account:** red/amber – see above.
  - d. **Medical job planning** (consultative) – responses to Internal Audit had been tardy creating an incorrect impression that job plans were not in place in some areas (follow up next time, job plans had now been sent to IA). AAC was aware of the issues raised and the discussion focussed on the current job planning project (commissioned from KPMG). AAC was assured in respect of progress.
4. **Serious Incidents report:** the audit tracker showed a number of actions not completed in this particularly significant report, which was disappointing. Chief Nurse to confirm actions at next AAC.

5. **Part 2 item – NHSLA accreditation issue**

The Private AAC received and accepted an Internal Audit investigation into what had happened to place unratified policies on the Trust intranet ahead of the NHSLA accreditation visit in January and remove them afterwards. The report referred to members of staff, which was the reason for its discussion in this section. Although it was not in this case, if recommended by the report a full HR investigation could have ensued.

The action to put the policies on the intranet ahead of the accreditation visit and remove them afterwards was entirely inappropriate and contrary to Trust procedures.

Management's immediate response with the NHSLA (to tell them about it) was very prompt and correct, and there will be no impact on the Trust's NHSLA rating (noting that most of the policies concerned have now been correctly ratified, and the NHSLA should formally confirm this).

The report had identified what had happened and who was involved (it should be stressed that involvement varied significantly between individuals). Two individuals had advised what had happened after the event and should be commended for doing so. Disciplinary action against individuals was not considered proportionate and no further investigation was necessary. Management letters about the incident and the summary of the report were sent to those concerned

Action should be taken to allow for the updating of policies without the bureaucracy of taking them to a full committee if the changes were factual updating or formatting and not material to the substance of the policy.

6. **Edward Cooke's last AAC:** There had been considerable improvement in the AAC's operation and output since he had started and Edward thanked the NEDs, auditors and Management for their contribution. In particular the contribution of Internal Audit (RSM Tenon) should be noted where the goal of the retendering exercise (improve the quality of IA and add real value to the working of the Trust) had been achieved (and was expected to continue).

The Committee thanked Edward for the way he had chaired the AAC and overseen its improvement... and will be sorry to see him go.