

TRUST BOARD IN PUBLIC	Date: 29 th November 2012 Agenda Item: 6.1.1
REPORT TITLE:	Audit & Assurance Committee Chair Update
NON EXECUTIVE SPONSOR:	Richard Congdon (Non Executive Director and AAC Chair)
REPORT AUTHOR:	Paul Simpson (Chief Financial Officer)
REPORT DISCUSSED PREVIOUSLY: (name of sub-committee/group & date)	No – Board update
Purpose of the Report and Action Required:	
<p style="text-align: right;">Approval Discussion Information/Assurance <input checked="" type="checkbox"/></p>	
Summary: (Key Issues)	
<p>The key points from the 13 November AAC meeting are as follows:</p> <ol style="list-style-type: none"> 1. There is assurance on progress, but not on completion of the implementation of recommendations in two significant risk areas (clinical audit and incidents). 2. Internal audit reviews: <ol style="list-style-type: none"> a. Two green/amber (good assurance) reports (Statutory and mandatory training and outpatient appointment management) b. CQC reporting – positive advisory reports in respect of outcome 7 (safeguarding) and outcome 4 (care and welfare of service users). The latter in particular – this provides independent assurance on improvements in patient experience. 3. Board Assurance Framework (BAF): the Committee noted further improvement of the BAF the discussion was wholly about content. The AAC view is that the BAF can be used to clearly describe the main risks to the Trust's objectives. Positive assurance on BAF backing. 	
Relationship to Trust Corporate Objectives & Assurance Framework:	
<p>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.</p>	

Corporate Impact Assessment:	
Legal and regulatory implications	<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"> - 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. <p>The Care Quality Commission registers the Trust according to its compliance with regulations concerning the safety and quality of services</p>
Financial implications	<p>No material financial implications.</p> <p>The report provides independent assurance about BAF reporting on financial risk.</p>
Patient Experience/ Engagement	<p>The report includes independent assurance in respect of improvements in patient experience.</p>
Risk & Performance Management	<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>
NHS Constitution/ Equality & Diversity/ Communication	<p>No relevant aspects</p>
Attachments: paper	

Audit & Assurance Committee Chair Update

Date	16 November 2012 (AAC was on 13 Nov 2012)
Author	Paul Simpson (CFO)
Audience	Trust Board Members

The **key points from the 13 November AAC meeting** are as follows:

1. **Implementation of recommendations in significant risk areas:**

The Committee followed up last times' actions with the Medical Director and acting Chief Nurse concerning progress on the completion of actions to deliver recommendations for two significant, and red rated, internal audit reports on, respectively, **clinical audit** and **complaints and incidents**.

The Committee now better understands the position against the recommendations and it is clear that progress is being made (but noting the delay). The Committee also welcomed the opportunity to discuss, including with the Chief of Service for the Medical Division, how clinical audit is operating in the Trust. Internal audit were assured about progress and would review in February.

In summary, there is assurance on progress, but not on completion. A further paper on incidents progress would come to the next AAC, in January. Clinical audit was subject to a wider review that would be taking place internally and with internal audit for February. The AAC would review in January and prior to completion of the Head of Internal Audit Opinion for the year.

The Committee noted that the Management Board for Quality and Risk was now reviewing outstanding internal audit recommendations.

2. **Internal audit reviews:**

- a. **Statutory and mandatory training** – Green/Amber: some issues over ensuring attendance and KPIs. The Committee were encouraged by the positive messages in the report recognising past issues over this area. Good assurance.
- b. **Outpatient appointment management** – Green/Amber: again an encouragingly positive report recognising issues previously discussed by the Board and because of the extent of work in progress, and delivery to date. There are 9 recommendations (in comparison with 3 for the training audit above) which describe procedural and process aspects (eg: terms of reference for committees) and some environmental aspects (eg: signage) – good assurance.
- c. **CQC reporting** – advisory audit on outcome 7 (safeguarding) and outcome 4 (care and welfare of service users).
- d. **On outcome 7 (safeguarding):** Audit found the Trust maintained appropriate evidence and the 6 recommendations concern procedural aspects (mainly around production and sign off of the Provider Compliance Assessment). A positive report with no serious concerns.
- e. **On outcome 4 (care and welfare of service users):** A very positive report. Audit noted that the CQC had inspected this outcome and affirmed the Trust was meeting the CQC standard. Audit also looked at Trust action on

improving safety, patient experience and clinical effectiveness. It found evidence of improvement from patient experience reporting and the change to the Trust's performance rating and within the Trust's monthly reporting of various KPIs. There is just one (low rated) recommendation about use of the Provider Compliance Assessment tool.

- 3. Board Assurance Framework (BAF):** the Committee noted further improvement of the BAF to be presented to the Board, its internal consistency and the ability to take from it (more easily) the key risks to the Trust. A telling comment was that the discussion was entirely about the content, not its presentation.

The internal audit rolling review provided assurance about the back up on two lines (ref 3.1a – cross organisational pathways that meet patients' needs and Ref 4.1c – the medium term financial plan). Audit suggested that the risk rating on the latter might be too optimistic, and the Committee discussed that. The CFO has latterly altered the risk rating (from "10" back to "15") in the BAF to be presented to the Board.

- 4. AAC objectives and workplan:** The Chair commented on the sound basis provided by the existing document and advised that he would like to develop it further. Committee members were asked to comment and, with support from internal audit and Trust management, the next AAC would consider a new document to submit to the Board.