

Trust Board in Public
27 September 2012
Agenda item: 6.1.1

Audit & Assurance Committee Chair Update

Summary: *This report briefs the Board on the key issues discussed at the meeting of the committee on 11 September 2012.*

The main issues to note were:

- *the very late implementation of recommendations for two significant, and red rated, reports on, respectively, **clinical audit** and **complaints and incidents**. These are both important assurance areas in respect of patient safety. In both areas the Committee noted that actions were in train and required confirmation at its next meeting that implementation was proceeding. The Committee also required that management incorporate tracking of internal audit recommendations as part of its Management Board governance.*
- *the committee noted the draft **Annual Audit letter** - which is elsewhere on the Board agenda.*
- ***Emergency Department data quality follow up report** – the report affirms good recording of data for the 4 hour wait target and related aspects, correcting problems highlighted last year.*
- ***The Waiting list value for money investigation** was reported in the public part of the meeting, having been discussed previously in part 2. This review had been initiated in agreement with NHS Protect following the receipt of several anonymous letters suggesting impropriety in the procurement of a private company to clear elective patients “out of hours” to support delivery of 18 weeks, and avoid outsourcing .*

The AAC had confirmed it recognised was comfortable with the expediency of the use of the company and the value for money of the arrangement. NHS Protect found no evidence of fraud or corruption and had closed its investigation with no further action.

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

Notes:

Trust objective:	<i>The Board Committees support the achievement of all objectives but of specific relevance is: Priority 3: Develop an effective organisation:.</i>
Legal:	<p><i>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.</i></p> <p><i>Financial performance is subject to Schedule 5 of the NHS Act 2006 which provides the “breakeven duty”.</i></p>
Regulation:	<p><i>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:</i></p> <ul style="list-style-type: none"> - <i>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.</i> - <i>The Care Quality Commission registers the Trust according to its compliance with regulations concerning the safety and quality of services</i>

Audit & Assurance Committee Chair Update

Date	September 2012 (AAC was on 11 Sept 2012)
Author	Paul Simpson (CFO)
Audience	Trust Board Members

The **key points from the 11 September AAC meeting** are as follows:

1. Implementation of recommendations in significant risk areas:

The main issue in the meeting was the still outstanding (over 6 months) completion of actions to deliver recommendations for two significant, and red rated, reports on, respectively, **clinical audit** and **complaints and incidents**. This had been discussed at the July AAC, but progress remained unclear. Updates were provided describing work in progress, as follows:

- a. **Clinical audit:** reporting was provided in the IPQR describing the progress on the programme and reporting was also provided, by Division, to the Safety and Quality Committee. These aspects provide a level of assurance on an improved programme and its progress (noted by the Committee) and the expectation was that the outstanding actions (bar one that was minor and low priority) would be completed shortly.

The Committee noted that the Trust was some way away from making full use of clinical audit.

- b. **On incidents** (noting that the complaints part of the original report has relatively minor actions, and that “incidents” refers to all incident reporting, not just serious incidents) the key recommendations were about the time taken to implement incident recommendations. The Committee heard, and accepted, that recommendations about interim measures were not being pursued because the electronic system that would replace existing manual work would complete roll out across the Trust by December (resource issues had been resolved and this work was proceeding now). Assurance was provided about Divisional reporting (part of their own Governance & Quality reviews) and tracking through monthly performance reviews).

In both areas the Committee noted that actions were in train and required confirmation at its next meeting that implementation was proceeding. The Committee also required that management incorporate tracking of internal audit recommendations as part of its Management Board governance.

Other long outstanding recommendations for providing a Sustainable Development Plan (SDP - part of the carbon management drive) would be implemented shortly, with a formal SDP going to the November Board. Other outstanding recommendations were minor and were expected to be picked up quickly.

2. Internal audit reviews:

- a. **Emergency Department data quality follow up** – “good progress” – the report affirms good recording of data for the 4 hour wait target and related aspects, correcting problems highlighted from last year.
- b. **Capital & Estates** - Green/Amber: some issues over administration and reporting to the hierarchy of committees (management considering how best to do that without overwhelming the senior committees). Good assurance.
- c. **Contract and non- contract income** – Green – strong assurance.

3. The internal audit rolling review (two lines each time) of the detail behind the **Board Assurance Framework** provided assurance about the back up on two lines (ref 1.4 - trauma unit accreditation and Ref 4.2b – unreliable information for decision making). IA also commented on improved accuracy and information being provided, while suggesting further improvement. It was noted that the IA review of the BAF would take two to three years to cover the framework as a whole. Assurance in respect of the BAF in its entirety would require a more substantial and focused review.

4. Annual Audit letter:

The committee noted the draft letter (re: 2011/12 accounts and which is elsewhere on the Board agenda). The letter provides a fair summary of the Trust's position in work on financial sustainability (illustrating transparency between Trust and Audit), comments on the high quality of financial accounts, a summary of the VFM rating (OK on internal VFM, weakness in financial resilience), the favourable output from the recent PbR assurance audit, poor follow up of last year's PbR assurance audit and an adequate audit of the Quality Account, noting the need for improvement in style and content

5. Waiting list value for money investigation:

On 1 June 2012 the AAC, in its part 2 meeting, received an internal audit report into the VFM and procurement of a private organisation (Surrey & Sussex Anaesthetists LLP) to perform work in the Trust (performing procedures on elective patients "out of hours" to support the clearance of the Trust's waiting list to meet 18 week referral to treatment targets).

The audit had been initiated in agreement with NHS Protect following the receipt of several anonymous letters (to the Department of Health HQ) suggesting potential impropriety.

In conclusion, the AAC confirmed it was comfortable with the expediency of the use of this company and, recognising that there are some governance aspects for learning, accepted the value for money of the arrangement.

The NHS Protect closure report notes the findings of the internal audit report, the AAC conclusion and states that "in the absence of any specific tangible evidence of fraud or corruption it is recommended to close this investigation with no further action".

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