

AUDIT & ASSURANCE COMMITTEE  
11 SEPTEMBER 2012  
AGENDA ITEM 2

**ITEM:**

**MINUTES OF AUDIT & ASSURANCE COMMITTEE**

**SYNOPSIS:**

**Attached are the minutes of the Audit & Assurance Committee held  
on 3 July 2012**

**AUTHOR:**

**PAUL SIMPSON  
CHIEF FINANCIAL OFFICER**

**ACTION REQUIRED:**

**FOR APPROVAL**

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

**Date: .....**

**AUDIT & ASSURANCE COMMITTEE**

**Meeting held on Friday 1 June 2012 11.00 – 13.00**  
**Venue: Room AD77, Maple House, East Surrey Hospital**

<b>Present:</b>		
Edward Cooke	EC	Non Executive Director (Chair)
John Power	JP	Non Executive Director
Norma Christison	NC	Non Executive Director
Richard Durban	RD	Non Executive Director
Darren Wells	DW	Audit Commission
Jamie Berwick	JB	Audit Commission
Marcus Ward	MW	Audit Commission
Nick Atkinson	NA	RSM Tenon
Paul Simpson	PS	Chief Financial Officer
<b>In attendance:</b>		
Yvette Robbins	YR	Non Executive Director (Part meeting)
Lorraine Clegg	LC	Deputy Director of Finance
Colin Pink	CP	Acting Head of Integrated Governance and Quality
Gillian Cruse	GC	Note taking
<b>Apologies</b>		
Helen Astle	HA	Interim Director of Corporate Affairs
Majid Bhatti	MB	Head of Financial Accounts

			Action by :
<b>1</b>		<b>Welcome and Apologies for absence</b> E Cooke welcomed everyone to the meeting and apologies were noted.	
<b>2</b>		<b>Minutes of last meeting</b> The minutes of the meeting held on 1 <sup>st</sup> June were recorded as a true and accurate record of the meeting.  Outstanding action - <u>Update on PbR report</u>  PS is currently reviewing the report with clinical coding and an update will be given to the AAC at the next meeting.  The remainder of the actions noted within the minutes had been completed or were included within the agenda for discussion.	<b>Action 1 PS</b>
<b>3</b>		<b>BAF</b> C Pink presented the revised version of the BAF. This was to give sight of this draft to the NEDs prior to the July Board, give them the opportunity to feedback any comments and to discuss the Internal Audit programme to review specific lines of the BAF going forward.  Internal and External Audit advised that they were happy with the revised format but noted that only two Directors had completed all lines in the draft.  <i>Issues and comments raised:</i>	

		<ol style="list-style-type: none"> <li>1. Executives needed to ensure completion of the areas they were responsible for prior to submission to the Trust Board – the BAF must be fully completed by 3/8.</li> <li>2. BAF needs to be dated, version controlled and page numbered.</li> <li>3. Assurance items to be given some form of quantitative grading, where possible as well as positive or negative.</li> <li>4. Relevant KPIs to be quoted where possible.</li> </ol> <p>Discussions around actual ratings will be discussed, correctly, at the Trust Board.</p> <p>It was suggested that clearer definitions were required under descriptions of risk. PS and RD noted that all risk had been signed off in an extensive exercise with NEDs previously and we had agreed the stated risks – changes would now come as the BAF evolves.</p> <p><b>Actions:</b></p> <p><b>NEDs to feedback comments to CP to ensure document is fully populated prior to 3/8 (action to CP to report back).</b></p> <p><b>CP to make amendments as suggested for the Board</b></p> <p><b>N Atkinson to review final version prior to submission to the Trust Board. Assurances will be challenged as part of rolling programme.</b></p> <p>It was noted that in the future the Director of Corporate Affairs will have responsibility and ownership of the BAF as part of their role as the Compliance focal point.</p>	<p><b>Action 2</b> <b>CP/NA</b></p>
4	a	<p><b>External Auditors</b></p> <p><i>2011/12 Financial Statements</i></p> <p>JB noted that the Auditors' unqualified opinion had been signed off on 7 June. The Quality Accounts certificate had also been signed off and the 2011/12 audit was now closed. The Annual Audit Letter will be presented at the September meeting.</p> <p><b>Action: JB to present Audit Letter in September</b></p> <p><i>Information items:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Audit Commission and fees</i></li> </ul> <p>An update on current audit fees is now available on the website. There is a 32% reduction in audit fees for this year.</p> <p>The Audit Commission will cease to exist on the 31/10 and the existing staff who currently work with SaSH are being TUPE'd across to Grant Thornton effective from 1/11. The audit plan will be presented after this date.</p> <ul style="list-style-type: none"> <li>▪ <i>Monitor Compliance Framework 2012/13</i></li> </ul>	<p><b>Action 3</b> <b>JB</b></p>

		<p>An update given on recent changes and the approach Monitor will take to assess NHS Foundation Trust for the future.</p> <ul style="list-style-type: none"> <li>▪ <i>PbR</i></li> </ul> <p>A report noted differences in recording of details for patients for less than 24 hour stays between commissioners and Trusts who use different codes. PS gave an explanation of the PbR pricing methodology that gave rise to this pointing out the “cherry picking” of overpriced HRGs when other HRGs within the same quantum of cost (ie: the overall reference cost used to calculate the PbR tariffs) were priced too low. He gave the example of maternity which had been recognised by DoH and had resulted in the new pathway methodology being worked up.</p> <p><i>Assurance report on SaSH Quality Account</i></p> <p>DW advised that the final report was complete and the Quality Accounts were compliant. It was noted that the documents were satisfactory but needed to be more user friendly. DW had linked into internal audit work already carried out which had proved very helpful.</p> <p>Audit report now circulated to managers to update their responses to recommendations. Noted that appendix 3 still required completion.</p> <p>YR raised concern around ownership of the report which was currently down to F Robinson who was not an executive director. Discussions around this report raised at Safety &amp; Quality meetings.</p> <p>NC agreed with YR and noted that in other Trust, this area would sit with the Medical Director.</p> <p><b>Action: PS to speak to DH/JT pre the Trust Board ahead of discussion at the Trust Board on 3/8.</b></p> <p>DW advised that the Western Sussex Trust had produced an excellent document which could be reviewed if requested.</p>	<p><b>Action 4 PS</b></p>
b		<p><b>Internal Auditors</b></p> <p>4 final reports distributed since last AAC and 2 currently waiting for management responses.</p> <p>Final reports</p> <ol style="list-style-type: none"> <li>1. Private &amp; Overseas patients (Amber/Red)</li> <li>2. Information Governance (Green)</li> <li>3. Medical Job Plans</li> <li>4. Quality Accounts</li> </ol> <p>Waiting for management responses</p> <ol style="list-style-type: none"> <li>a. A &amp; E Follow up</li> </ol>	

	<p>b. Capital.</p> <p><i>Private and Overseas patients</i></p> <p>Red/Amber: Processes were operating OK but promulgation and awareness among clinicians would benefit from more development. Some indication throughout the Trust that some consultants were not aware they should be capturing all information and there is a lack of understanding on how much income the Trust is missing.</p> <p>Some examples from other Trusts being reviewed, especially around weekend working but more information being sought. Action plan prepared.</p> <p>Noted that there will always be issues of bad debt around outpatients with close proximity to Gatwick airport.</p> <p>Key points made:</p> <ol style="list-style-type: none"> <li>1) Consultants have duty to treat via A&amp; E outpatients</li> <li>2) Information needs to be captured at source, e.g. country of origin / private work</li> <li>3) Must be clinical decision to treat. Admin resource limited but strong influencing / liaison role</li> <li>4) Trust committed to care and collection of funding</li> <li>5) Processes are in place, issue is promulgation to clinicians, min respect of both private patient and overseas patient procedures</li> <li>6) Register of private work will be linked into Job Planning Plan (H Astle, Interim Dir of Corporate Affairs) will take over register of consultants for private work).</li> </ol> <p>Some delay noted in obtaining information but divisional meetings do reinforce messages and a quarterly report produced. Overseas debt can be very varied but amount similar to last year.</p> <p><i>Information Governance</i></p> <p>Green/Amber - This report had been delayed pending employment of the new information governance manager who is now in place and taking ownership and putting programme in place to cover agreed recommendations. No significant issues.</p> <p><i>Quality Account</i></p> <p>Red/amber – External audit report above had dealt with. The issues pertained more to the systems around Incident Management than the quality of the data.</p> <p><i>Medical Job Plans</i></p> <p>Consultative report: Noted that KPMG were engaged in a significant project to completely overhaul the job planning process in the Trust and get new</p>	
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	<p>job plans done for all Trust consultants. Good engagement noted with Medical Director. Overall job plans not consistent and this will be part of work plans going forward.</p> <p>PS explained that the comment about “no business plans” [sic: should be business cases] was not quite right – posts agreed in the business planning round did not require an additional business case (which would duplicate and cause unnecessary further work) unless specifically advised so. Any cases not agreed in business planning required a business case. In addition all consultant vacancies required full Management Board approval – this was in addition to sign off of all vacancies at the Transformation Delivery Group.</p> <p>In respect of the statement about only a small proportion of Consultants having job plans, there had been some tardiness from Divisions in responding to Internal audit, not a lack of job plans. The evidence was being provided to NA, who would review and advise at the next AAC.</p> <p>A summary was provided of the timetable for the KPMG project.</p> <p><b>Actions: NA to give an update on assurance at next AAC meeting.</b></p> <p><i>Incidents report</i></p> <p>NA advised that a number of actions on the action plan remained incomplete. This report was, of course, mentioned in the Trust’s Annual Governance Statement.</p> <p>AAC member expressed concern about the late delivery and asked that JT attend the next meeting to update.</p> <p>Questions raised as to why Datix action was late - CP advised that interviews were being held next week to provide the resource and all areas should be completed by 31/12/12.</p> <p><b>Action: JT to report back on work in progress at September AAC. Is also being monitored via Safety &amp; Quality Committee.</b></p> <p><i>Patient Safety – VTE assessment</i></p> <p>The issue raised was about the manual process required around VTE monitoring. PS advised that this was now receding and the need for manual validation each month was considerably less as the system embedded. 2 recommendations noted.</p>	<p><b>Action 5</b> NA</p> <p><b>Action 6</b> JT</p>
	<p><b>Internal Audit Strategy Plan</b></p> <p>At the pre-meet 9 suggestions had been raised. The remainder of the plan was accepted.</p>	

		<b>Action: NA to circulate note of that discussion and final version of Audit Plan.</b>	<b>Action 7 NA</b>
		<p><b>Audit Tracker</b></p> <p>69 items had been brought forward, of these 18 had now been validated, 11 were not due leaving 40 outstanding.</p> <p>The most significant adverse progress was against the Incidents report, described above.</p> <p>Good feedback received from HR around progress and it is anticipated that these items will soon be closed.</p> <p>Three reports require further work to close. These relate to Clinical Audit and Risk Maturity plus a few outstanding recommendations around Carbon Management which are due to be completed shortly. If recommendations from these 3 reports are not finalised by September AAC, the lead executive will be invited to attend the AAC to give an explanation of non compliance with timescales.</p>	
	c	<p><b>LCFS</b></p> <p>SD gave an update on new cases and updates since last AAC.</p> <p>LCFS have finalised MOU and KPIs for 2012/13 with PS. Training being given at the Trust in September (discussion with PS had been around low number of reports recently, so awareness might need to be enhanced).</p> <p><i>Bribery Act Compliance</i></p> <p>Small paragraph to be added to standard staff contract.</p> <p><i>Identity Verification system</i></p> <p>LCFS liaising with key stakeholders to recommend potential systems to the Trust. Both companies will be invited to present their products to the Trust.</p> <p><i>Outstanding Investigations and Reviews</i></p> <p>6 investigations currently in place, 2 which are quite large. Full explanation given around individual cases.</p> <p>All items to be recorded on Audit tracker.</p>	
		<p><b>LCFS Annual report</b></p> <p>Annual report presented for information summarising work conducted by LCFS covering period 1 April 2011 to 31 March 2012.</p> <p>KPIs for 2011 /12 set out in appendices.</p> <p>Report accepted.</p>	
5		<b>SaSH report</b>	

	<p><i>Losses and compensations</i></p> <p>Nothing of concern for this period.</p> <p><i>Waivers</i></p> <p>Still relatively low level, but higher than in the recent past. IA to run report on waiver processes.</p>	
6	<p><b>Review of meeting and any other business</b></p> <p>EC advised that this would be his last AAC meeting and thanked everyone for their support. He had noted much improvement since his commencement with the Trust, noting particularly the contribution of Internal Audit where he believed the goal of the retendering exercise (improve the quality of IA, use IA to do some “consultancy” type work and add more value in the working of the Trust) had been entirely achieved. .</p> <p>Thanks given to DW and his team, to NA for transforming IA and to the NEDS and the Finance team for their support with the AAC.</p> <p>NA thanked EC for the way he had chaired the AAC and his support to everyone and the efficient way the AAC has been run and wished him well for the future. All AAC members endorsed this.</p>	
	<p><b>Date of future meetings in 2012</b></p> <p>11th September                      13<sup>th</sup> November</p> <p><b>10.00 – 13.00                      AD77</b></p> <p><b>Pre-meet at 09.30 for NEDs, Internal and External auditors</b></p>	