

TRUST BOARD IN PUBLIC	Date: 31 January 2013 Agenda Item: 6.2.1
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:	
To provide an update to the Board on the main issues from the Audit & Assurance Committee.	Approval Discussion Information/Assurance <input checked="" type="checkbox"/>
Summary: (Key Issues)	
<p>The key points from the 8 January AAC meeting are as follows:</p> <ol style="list-style-type: none"> 1. For both clinical audit and complaints and incidents internal audit recommendations more detail (and assurance) was provided. Management would now complete the actions described and would report back at the next AAC with the internal audit summary review. 2. The medical records action plan was presented and received, providing partial assurance. However, a revised action plan would be presented to the next AAC to ensure the Committee has sight, and full assurance, about all aspects of medical records action being taken. 3. AAC objectives and workplan: Internal Audit would now pull together the suggested approach to this based around the structure of the Trust's internal control processes for fuller discussion at the next AAC. 4. Internal audit reviews: <ol style="list-style-type: none"> a. Budgetary control – Green. b. CQC reporting – (outcome 13 – staffing) amber/green. 	
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'S UPDATE

The key points from the 8 January AAC meeting are as follows:

1. Implementation of recommendations in significant risk areas:

The Committee received further, detailed updates from the Medical Director on progress on the internal audit report recommendations for, respectively, **clinical audit** and **complaints and incidents**. This provided further assurance on progress.

For both areas management would now complete the actions described and would report back at the next AAC, noting that internal audit would also complete its new review on both areas in March (the AAC was content this did not need to be earlier).

2. Medical records:

The action plan was presented by the Chief Operating Officer (COO) and the Medical Director in response to an outstanding recommendation in an External Audit PbR assurance report. AAC noted progress on action to deal with issues around tracking and storage of records, and also noted the improvements in coding accuracy (as expressed through depth of coding). However the COO advised that a revised action plan would be presented to the next AAC to ensure that the Committee has sight, and assurance, about all aspects of medical records action being taken.

3. Internal audit reviews:

- a. **Budgetary control** – Green. The Committee spent some time discussing this report. The Committee were encouraged by the audit output and noted that the finance audits were in no way reduced in number or scope (as they had tended in recent years to be generally positive) in the drive to ensure that all Trust systems received appropriate attention. It was confirmed that the auditor's contracted days had been increased when appointed to support this. Strong assurance.
- b. **CQC reporting** – advisory audit on outcome 13 (staffing). Amber/green, so good assurance. The main comment was about lack of evidence of the sign off of the Provider Compliance Assessment by the Chief Nurse or their delegated representative. Who did this was being resolved and would be formalised in a policy going to the Safety and Quality Committee in February.

4. AAC objectives and workplan:

The Chair provided an update following the meeting held with other non executive directors, and (separately) with the Chief Financial Officer, Director of Corporate Affairs and Internal Audit. Internal audit would now pull together the suggested approach based around the structure of the Trust's internal control processes for fuller discussion at the next AAC.