

AUDIT & ASSURANCE COMMITTEE

Meeting held on Tuesday 10th November 2015, 10:00am – 13:00pm
Venue: Room AD77, Trust HQ, East Surrey Hospital

Present:		
Paul Biddle	PB	Committee Chair / Non Executive Director
Richard Durban	RD	Non Executive Director
Richard Shaw	RS	Non Executive Director
In attendance:		
Paul Simpson	PS	Chief Finance Officer
Fiona Allsop	FA	Chief Nurse (Item 3.1)
Jamie Bewick	JB	External Audit
Nick Atkinson	DM	Internal Audit
Sarah Pratley	SP	Local Counter Fraud Specialist
Djafer Erdogan	DE	Head of Financial Accounts
Colin Pink	CP	Head of Corporate Governance

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1	1.1	<p>Welcome and Apologies for absence</p> <p>The Chair welcomed members and attendees to the meeting.</p> <p>Apologies for absence had been received from GFM.</p>	
	1.2	<p>Minutes of last meeting</p> <p>The Committee reviewed and agreed the minutes of previous meeting were as a true record.</p>	
	1.3	<p>Actions from previous meetings:</p> <p>The action tracker was reviewed and the Committee noted that actions 2.1 and 3.2 had been closed prior to the meeting.</p> <p>Action 3.1, relating to workforce controls, is not due until May 2016.</p>	

2	2.1	<p>Review of Board Assurance Framework</p> <p>PS introduced the BAF for review prior to the November Public Board meeting, highlighting that no changes had been made since the October Public Board meeting.</p> <p>The Committee discussed the IT related strategic risk. PS highlighted that an updated IT road map would be presented at the IT Strategy meeting on the 13th November. PS went on to provide reassurance that actions to meet the first phases of the road map are occurring. The Committee asked that the relevant BAF risk be updated to reflect output of the strategy meeting. Action CP and IM</p> <p>The Committee discussed the Trust's main financial risks in detail, noting that both the Trust's forecast and gross risk is expressed in Board papers. The Committee requested that PS reconsider the risk score agreeing that the plan to meet the forecast had been well described in board papers. Action PS</p> <p>The Committee asked for assurances that efforts to improve quality and productivity within the Trust's Outpatient's services are on track. The Committee was assured that the issue was not a safety risk and that appropriate management focus is in place, including VMI work stream focus and productivity reviews.</p> <p>The Committee noted the overall improvements in risk management which facilitates conversations at Executive level and has strengthened Trust governance overall. Noting that the BAF included assurances from third parties and had recently received a further green Internal Audit.</p> <p>The Committee focussed on the Trust's liquidity position challenging management on the detail that supports its description of risk and noting that restrictions to access to extra cash had started to be enacted, making the process of application harder. PS highlighted that the TDA and DOH are both aware of the Trust's financial position, that the issue was not materially worsening and was dependant on the income the Trust received.</p> <p>PS went on to state that the Chief Executive had formally written to Sussex CCG to request a rebase of indicative plans. As such</p>	<p>CP and IM</p> <p>PS</p>
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	2.2	<p>Review of Significant Risk Register</p> <p>PS introduced the SRR for review prior to the November Public Board.</p> <p>The Committee raised no issues for discussion that had not been included in early Board Assurance Framework conversations.</p> <p>The Committee noted the report.</p>	
3	3.1	<p>Internal Controls</p> <p>RS presented management's review of internal controls relating to patient systems, highlighting that the paper had been discussed at SQC, which had provided good assurance. RS went on to highlight that the main issue of action related to training for safeguarding, but there was evidence of good improvements in overall compliance.</p> <p>FA described how actions to improve training compliance for children's safeguarding are being monitored both internally and externally and is on track. The Committee noted that the Trust had chosen to provide the highest level of training to all relevant staff (Level 3).</p> <p>The Committee noted that the patient property policy was due for review and took assurance that this was in hand.</p> <p>PS highlighted the factual error relating to the named management lead for 'private and Overseas patients', this should read Ruth Blanc.</p> <p>The Committee took assurance from the report.</p>	

	3.2	<p>Losses and Comps</p> <p>DE presented the Trust's midyear position for losses and comps, highlighting the error in the coversheet that should read a total of 19 special payments rather than a total of 16. DE went on to highlight that year to date there had been 93 cases where a loss or special payment had been made, totalling £178k. This compares to 140 cases totalling £375k for the full 2014-15 financial year. The main payments so far relate to write off of overseas debt (£77k) and payments made under legal obligation (£65k). DE stated that the large waiver recorded in the paper related to the development of the new Re-enablement Unit.</p> <p>The Committee challenged the detail of the paper and took assurance from both the detail of the controls in place and the forecasted reduction in number of losses, based on the cases in the pipeline.</p> <p>DE highlighted that the overseas debts position was similar to previous years, however he went on to highlight that recovering overseas debt was becoming more administratively challenging.</p> <p>The Committee took assurance from the paper and noted that the overall value of losses was high.</p>	
4	4.1	<p>Internal Audit Progress Report</p> <p>NA introduced the report, highlighting the amount of activity that was underway towards completing audits detailed in the annual plan. Noting in particular the pharmacy stock review, mortality systems audit and right bed first time audit.</p> <p>The review of the Board Assurance Framework had been completed which had included one low level recommendation and action relating to the recording of healthcare acquired infections controls on the BAF.</p> <p>NA went on to highlight the actions still outstanding on the action tracker which relate to procedural issues and temporary staffing controls.</p>	

4.2	<p>External Audit Report</p> <p>JB introduced the paper which highlighted the need to set an ‘Auditor Panel’ to facilitate appointment of External Audit from 2017, changes in format of annual report and changes to assessment of ‘value for money’ opinion.</p> <p>The Committee discussed the need for the Trust to appoint an ‘audit panel’ and responsibility to recommend to the Shadow Council of Governors the appointment of the Trust’s External Auditor. The Committee agreed to request that the Board approve the AAC committee membership as the Trust’s Audit Panel Action PB.</p> <p>JB highlighted that the National Audit Office code of practice had been amended to include a new definition of ‘value for money’. The Committee noted that the assessment will be based on proper practice and arrangements, including independent decision making, sustainability and working in partnership.</p> <p>The Committee discussed the proposed agency price caps noting that temporary staffing agencies willingness and capability to join national frameworks would be the key issue in determining the success of the national imperative.</p> <p>The Chair thanked JB for the valuable emerging issues report.</p>	PB
4.3	<p>LCFS Report</p> <p>SP introduced the report highlighting specific investigations and their issues and outcomes (successful dismissal and the striking off of a biomedical scientist). These cases included potential time sheet fraud and allegations of staff working whilst on sick leave.</p> <p>The Committee asked for details of the value that the Trust had successfully reclaimed in recent years. SP indicated that this detail was in the annual report.</p> <p>The Committee asked for an update on what actions the team are taking to raise awareness of the success of the team. SP highlighted that all campaigns are based on an assessment of likelihood of fraud and potential effectiveness of awareness campaign. Highlighting e-bulletin stories, staff magazine articles and training events.</p>	

		<p>The Committee went on to discuss issues relating to overpayments and plans to strengthen controls supporting leavers and starters that do not commence work but are paid in error.</p> <p>PS commented on the work carried out in radiology which had highlighted some good practice and was no longer a counter fraud issue. The Committee discussed SBS's involvement in these matters and the Trust's effort to resolve issues.</p> <p>RS queried the case relating to an illegal worker and asked for assurance that appropriate DBS checks had been carried out. SP assured the Committee that this was an issue over eligibility to work and there was no suggestion that the background check had failed.</p> <p>The Chair thanked SP for the report.</p>	
5	5.1	<p>Draft Annual Report to Board</p> <p>CP introduced the first draft of the annual report to Board. This was based on the previous year's report and include key updates on internal controls and the possibility of including a self-assessment based on the 'Good Governance Institutes' maturity matrix for Audit Committees.</p> <p>The Committee discussed the draft report and asked for amendments to be made prior to review at the January meeting. Action CP to amend draft report as detailed.</p>	CP
	5.2	<p>AOB</p> <p>PS announced that the Trust had been selected to be involved in the national reference cost audit carried out by PricewaterhouseCoopers. The expectation is that the report will be ready in January 2016 and will be reviewed by the Finance and Workforce Committee.</p> <p>No further AOB was raised.</p>	
6	6.1	<p>Date of Next Meeting: 15th January 2016, 09:30 pre-meet, 10:00 meeting start.</p>	