

AUDIT & ASSURANCE COMMITTEE

Meeting held on 12th July 2016, 9:30am – 12:30pm
Venue: Room AD65, Trust HQ, East Surrey Hospital

Present:		
Paul Biddle	PB	Committee Chair / Non-Executive Director
Richard Shaw	RS	Non-Executive Director
In attendance:		
Paul Simpson	PS	Chief Finance Officer
Gillian Francis-Musanu	GFM	Director of Corporate Affairs
Djafer Erdogan	DE	Financial Controller
Ian Murray	IM	External Audit
Jamie Bewick	JB	External Audit
Nick Atkinson	DM	Internal Audit
Nick Aronin	NA	Local Counter Fraud Specialist
Colin Pink	CP	Head of Corporate Governance

			Action by
1	1.1	<p>Welcome and Apologies for absence</p> <p>The Chair welcomed members and attendees to the meeting.</p> <p>Apologies were received in advance of the meeting from Richard Durban.</p>	
	1.2	<p>Minutes of last meeting</p> <p>The Committee reviewed and agreed the minutes of the May meeting were a true record.</p>	
	1.3	<p>Actions from previous meetings:</p> <p>The action tracker was reviewed and the Committee noted the actions that actions relating to sharing end of year financial information with the Board and updating internal controls plans, had been closed prior to the meeting.</p>	
2	2.1	<p>Internal Controls System plan of work</p> <p>CP presented the plan for review of internal control systems over the next two years highlighting plans to review data quality, income/contract systems and clinical governance systems including</p>	

		<p>clinical audit.</p> <p>The Committee noted the assurance that had been provided by the review of internal controls and took assurance from Internal Audit's comments on value of this discipline.</p> <p>The Committee noted the report and agreed the plan for ongoing review.</p>	
	2.2	<p>Losses, Special Payments & Waivers</p> <p>DE presented a paper on losses and waivers, detailing the end of year position. This provides more detail and lines up with detail in end of year accounts.</p> <p>The number of losses remains on a downwards trend following strengthening of controls and good governance procedures. NA agreed with this position.</p> <p>The Committee went on to discuss losses from overseas patients noting that the risk is shared between the CCG and the Home Office.</p> <p>RS asked for commentary on recorded as 'non NHS' write offs. DE stated that these referred to disputes with private companies. The Committee asked for summary detail to be included in later reports</p> <p>Action.</p> <p>The Committee discussed the controls supporting management of pharmacy stock, noted that the Trust managed this well and that losses for stock are relatively low compared to spend.</p> <p>The Committee took assurance that the systems supporting losses and waivers are sound.</p>	DE
3	3.1a	<p>Internal Audit Plan</p> <p>NA presented the Internal Audit plan for agreement. The amount of planned activity had been reduced following the tendering process and overall improvement of audit findings. This had been reviewed by the Executive team and aligned with strategic objectives.</p> <p>The four main areas of focus will be; temporary staffing and workforce; consultant job planning; incident management and clinical audit. There will also be elements of audit of divisional governance systems, theatre management and implementation of seven day working.</p> <p>The Committee discussed the plan and considered how elements of the controls would be tested, such as data quality, job planning and</p>	

		<p>outpatients. Noting that follow up audits for CIP are planned.</p> <p>The Committee agreed the Internal Audit plan for 16/17.</p>	
	3.1b	<p>Internal Audit Progress report</p> <p>NA introduced the report which detailed ongoing work and completed audits. Both data quality and mobile devices audits had been completed and provided good assurance, scored as amber green. Regarding the management of Mobile Devices the main outstanding issue relates to recording of disposal of equipment.</p> <p>NA went on to highlight work underway that should be completed in time for the September meeting.</p> <p>The Internal Audit action tracker was considered and the Committee noted good compliance with completion of actions.</p> <p>The Committee noted the report and took assurance.</p>	
	3.2a	<p>External Audit Annual Audit Letter</p> <p>JB introduced the Annual Audit letter for the Trust. This summarises the key findings from the audit of the Trust's 2015/16 annual accounts. This review provided an unqualified opinion on the Trusts financial statements from which the Committee took strong assurance.</p> <p>It also gave a qualified opinion on the Trust's 'value for money' conclusion stating that they were satisfied that the Trust had put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources except for the fact that the Trust made a deficit of £6.5 million in 2015/15, having previously planned to make a surplus of £1.6 million.</p> <p>PB asked for commentary on current situation in terms of end of year position, final balances and reconciliation. PS discussed the formal disputes that the Trust was involved in with CCGs over payment for activity and the processes involved. This detail will be discussed at Finance and Workforce Committee. Action to include in report to Board.</p> <p>The Committee noted the letter. PB thanked JB and External Audit.</p>	CP

3.2b	<p>External Audit; Review of Quality Account</p> <p>JB introduced the review of the Quality Account which provided assurance that the account was compliant with national guidance. This was a limited assurance, unqualified opinion, noting that the language used in the report is balanced by the key messages detailed throughout.</p> <p>The audit had identified issues that had been resolved prior to the final draft's completion. The team had worked well with management and Internal Audit.</p> <p>Action to include in report to Board.</p> <p>The Committee noted the review of the Quality Account.</p>	CP
3.3	<p>LCFS Report</p> <p>NA presented his regular update highlighting that the Trust's Self Review Tool (SRT) was completed and returned to NHS Protect. All areas of review were green and the Trust is compliant with NHS Protect guidance.</p> <p>NA went on to discuss review of controls undertaken as part of the Trust wide risk assessment noting that there had been changes in process and an increase in companies contracted to carry out building work.</p> <p>The Committee asked that if possible benchmarking data is available in the counter fraud reports. Noting that time sheet fraud and procurement issues are on the increase nationally. NA counselled that the information is used to gain assurance rather than comparison as it would be difficult to provide like for like data.</p> <p>The Committee discussed the fraud cases under review, detailed in the report.</p> <p>RS asked for an update on what channels of communication had been established following the change in counter fraud service provision. DE confirmed that he was happy with the channels that had been set up, NA commented on the training that had commenced and Trust wide communication initiatives.</p>	

		The Committee noted the report.	
4	4.0	External Audit Tender The Committee discussed the tender of an External Audit provider, and decided to add PS the Chief Finance Officer to the Audit Panel, which is now constituted of the 3 NEDs on the Audit Committee and the Chief Finance Officer.	
5	5.0	AOB No further AOB was raised.	
	6.2	Date of Next Meeting: 13 th September 2016, 10:00am	