

AUDIT & ASSURANCE COMMITTEE

Meeting held on 13th September 2016, 9:30am – 12:30pm
Venue: Room AD77, Trust HQ, East Surrey Hospital

Present:		
Paul Biddle	PB	Committee Chair / Non-Executive Director
Richard Shaw	RS	Non-Executive Director
Richard Durban	RD	Non-Executive Director
In attendance:		
Gillian Francis-Musanu	GFM	Director of Corporate Affairs
Paul Simpson	PS	Chief Finance Officer
Fiona Allsop	FA	Chief Nurse (Internal Audit and BAF)
Peter Burnett	PBu	Deputy Chief Finance Officer
Djafer Erdogan	DE	Financial Controller
Jamie Bewick	JB	External Audit
Nick Atkinson	DM	Internal Audit
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>No apologies were received.</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.</p> <p>JB highlighted the benchmarking work that had been carried out relating to the Trust's bad debt provision. The Committee noted that the Trust had a high bad debt provision which is linked to overseas patients and proximity to Gatwick.</p> <p>PBu assured the Committee that controls are sound and that the overall position is regularly reviewed. The Trust is not under providing for debt and its debt recovery systems have been reviewed and audited regularly. The Committee took assurance from the discussion on controls in place and performance of the</p>	

		<p>system.</p> <p>The Committee noted that the remaining actions had been completed and closed prior to the meeting.</p>	
2	2.1	<p>Review of Board Assurance Framework</p> <p>GFM presented the BAF for review noting the recent refresh of the document and tracking of risk scores. The Committee considered elements of the BAF focussing on the potential impact of the development and implementation of STP plans on the Trust's activity and governance. RD noted that there would always be elements of strategic risk that fell outside of the Trusts immediate influence and that the BAF was well aligned with current position. Noting in particular the potential impact of the STP for the Trust and local foundation trust status organisations with Governors.</p> <p>The Committee considered the financial risks described in the BAF in detail particular the risk relating to income plan. PS provided detailed insight into the balance between planned elective growth and actual elective growth seen in 2016, focussing on unplanned elective activity from the Brighton area. There is unplanned growth in activity, focussed on services/specialities that did not expect to see large growth. This is an area of focus for the development of STP plans.</p> <p>The Committee discussed STP initiatives and guidance from NHS Improvement which focuses on 'fragile services', back office support and pathology services.</p> <p>The Committee asked for detail relating to the recruitment BAF risk 5.6. FA noted that the issue included both the impact on the Trust and the delivery of the associated cost improvement plan. FA went on to describe the depth and breadth of controls associated with the day to day management of workforce.</p> <p>The Committee noted the report and took assurance on the management and detail included in the BAF.</p>	
	2.2	<p>Review of SFIs</p> <p>Management presented the review and update of the Trust's Corporate Governance Manual (SFI). PS highlighted that there were no major changes to discuss, the manual had been updated to</p>	

		<p>include changes in legislation, local systems and national guidance. The review had aligned terms of reference, clarified voting systems and clarified control systems.</p> <p>GFM confirmed that it would be updated to reflect the role of governors if the Trust achieved Foundation Trust status. The Committee noted that similar amendments may need to be made to reflect the governance of the STP.</p> <p>With minor amendments the Committee approved the Manual for ratification at public Board. Action</p>	PS/GFM
	2.3	<p>Gifts and Hospitality register</p> <p>GFM presented the report highlighting the increase in awareness, supporting training and local interest which had seen 3 FOI requests being made recently.</p> <p>The Committee discussed the register noting that it continued to grow as awareness increased. The Committee tested whether there was an element of under reporting. GFM indicated that this was likely to be the case but that there was positive assurance in the growth and willingness to use the system.</p> <p>Internal Audit indicated that the Trust was in a good position, and that this was a relatively low risk area.</p> <p>The Committee asked that future iterations included greater detail of value and possibility for grouping any high frequency items or individuals.</p> <p>The Committee noted the report</p>	
	2.4	<p>Losses and Comps</p> <p>DE presented a review of losses and special payments. Highlighting overseas debt management and drops in overall numbers of losses and waivers. DE discussed the waiver process in detail.</p> <p>No issues were raised.</p> <p>The Committee noted the report</p>	
3	3.1	<p>Internal Audit Progress report</p> <p>NA introduced the report detailing Internal Audits findings from the follow up review of management of temporary staffing. The follow up audit had been rated as green/amber, providing good assurance, in light of the strength of processes that had been in place during the</p>	

		<p>last year. Initially this had been and red/amber audit, which was a similar position for other NHS Trusts. NA noted the external factors that impacted the Trust's position, proximity to London, house prices, implications for international nurses and national guidance. There was evidence of actions being completed and good assurance that controls had been tightened.</p> <p>FA provided detailed assurance of the actions to date, narrative on the current situation relating to efforts to recruit staff and further actions focussing on retention. The agency staff related CIP will be challenging. The agency spend issue is still balanced in the favour of agencies. The main risk issues relate to specialist nurses, such as endoscopy. PS noted that financial risks were detailed in FWC and Board papers.</p> <p>The Committee went on to talk about other temporary staff related issues highlighted in the audit, management control of TSB, high vacancy areas such as theatres, the development of the framework and lack of ability to benchmark effectiveness of controls. The Committee noted the significant controls in place and the impact on the Trust's ability to maintain current position.</p> <p>NA went on to highlight ongoing work of Internal Audit, noting that several audits are now in final stages of drafting and will be included in the next update to the Committee. The action tracker indicated continuing good compliance with delivery of actions.</p> <p>The Committee took assurance from the report and discussion of internal controls.</p>	
3.2		<p>External Audit update</p> <p>JB indicated that there was nothing significant to report. Noting the upwards trend and general concern over the size of the NHS's debt within the financial year. This has implications for the Trust and the impact is likely to be more pronounced this year.</p> <p>The Committee noted the verbal update.</p>	
3.3		<p>LCFS Report</p> <p>The Committee discussed the report in detail. Noting the increasing awareness of the counter fraud team supported by dedicated training and risk review of the Trust's anti-fraud systems.</p> <p>Reactive reviews have highlighted good improvements in systems to appoint contractors and the completion of a case which had found</p>	

		that there was no substantial evidence of personal gain. The Committee noted the report.	
4	4.0	External Audit Tender The Committee discussed the tender of an External Audit provider, PS reported that PWC had been successful and that the standstill period within the tender process had passed. The Trust had fed back to all but one of parties involved with no final issues raised. Conversations are now under way to coordinate the handover to PWC for the 2017/18 accounts. The Committee noted the completion of the tender process for appointment of External Audit provider.	
5	5.0	AOB No further AOB was raised.	
	6.2	Date of Next Meeting: 15 th November 2016	