

## AUDIT & ASSURANCE COMMITTEE

Meeting held on 16th March 2017  
Venue: Room AD77, Trust HQ, East Surrey Hospital

<b>Present:</b>		
Paul Biddle	PB	Committee Chair / Non-Executive Director
Richard Shaw	RS	Non-Executive Director
Richard Durban	RD	Non-Executive Director
<b>In attendance:</b>		
Paul Simpson	PS	Chief Finance Officer
Djafer Erdogan	DE	Financial Controller
David May	DM	Internal Audit
Mike Harling	MH	Counter Fraud
Colin Pink	CP	Acting Director of Corporate Affairs
Richard Lawson	RL	External Audit

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1	1.1	<p><b>Welcome and Apologies for absence</b></p> <p>The Chair welcomed members and attendees to the meeting.</p> <p>Apologies were received from Gillian Francis-Musanu.</p>	
	1.2	<p><b>Minutes of last meeting</b></p> <p>The Committee reviewed and agreed the minutes of the November 2016 meeting with minor clarifications.</p>	
	1.3	<p><b>Actions from previous meetings:</b></p> <p>The action tracker was reviewed and the Committee noted the actions closed since the January meeting.</p> <p>CP highlighted that action 4.1 relating to review of C-section data was being carried forward as part of the annual review of the Board's Integrated Performance Report. The action is closed.</p>	
2	2.1	<p><b>Review of Board Assurance Framework</b></p> <p>CP introduced the report, highlighting review dates and need to consider updates for the March Public Board</p> <p>The Committee considered the BAF for the March Public Board and how individual risks maybe developed going into 2017/18. Noting in particular the development of the Trust risk appetite which had been considered at the March Board Seminar.</p>	

		<p>The Committee discussed the narrative detailed in the financial risks of the BAF and noted potential impact of delivery of revised forecast end of year position, management of potential disputes and delivery of CQUIN projects.</p> <p>The Committee discussed potential updates to the access and responsiveness risk relating to becoming provider of choice. This is currently recorded as a significant risk of delivery of strategy, however there is strong evidence that the Trust's activity is growing and is primary choice for elective activity of a growing number of specialities. This could be considered for the March Public Board. <b>Action CP</b></p> <p><b>The Committee noted the report and took assurance on the management and detail included in the BAF.</b></p>	
	2.2	<p><b>Review of SRR</b></p> <p>The committee noted the March significant risk register with no comment.</p> <p><b>The Committee noted the SRR.</b></p>	
3	3.1	<p><b>Corporate Governance Controls</b></p> <p>CP introduced the report relating to corporate governance controls. The Committee noted that it had not been updated to include partnership working controls. CP reported that this control would be documented and brought back to the July meeting.</p> <p>The Committee noted that actions are being taken to develop service specific business continuity plans, this is the final action associated with the improvement work that has been undertaken on emergency preparedness and business continuity.</p> <p>It was noted that the supporting governance of the STP was still forming and that in particular the development of accountable care organisations would impact on the governance of local strategic decision making</p> <p>The Committee discussed the internal controls, taking overall assurance from management's review of systems in place.</p> <p>The Committee asked for the specific corporate governance controls to be updated to include greater detail of the supporting internal governance around the management of the STP and include a section on partnership working. <b>Action CP</b></p> <p><b>The Committee noted the paper and took assurance over the controls that support the system.</b></p>	CP

3.2		<p><b>Losses Comps and waivers</b></p> <p>The Committee reviewed losses comps and waivers, noting overseas debts write offs.</p> <p>The Committee discussed the governance that supports the waivers process relating to estates works. There is assurance in development of controls as number of waivers decrease over time.</p> <p>PS went on to highlight the focussed efforts to reduce the instance of salary overpayments. This work is focussing on improving administration systems and training to reduce the number of administration errors leading to overpayment.</p> <p><b>The Committee noted the paper and took assurance over the controls that support the system.</b></p>	
4	4.1	<p><b>Internal Audit Progress report</b></p> <p>DM presented the update on activity since the last meeting. This provided good assurance on actions to increase control of systems including cyber security, which highlighted work to do and assurance of suitable policies and business continuity plans.</p> <p>Internal Audits review of the Trust’s financial feeder systems provided good assurance. PB congratulated the teams involved in developing such strong controls.</p> <p>The audit of management of the Trust’s serious incident reporting system provided reasonable assurance. This is a big improvement of previous reviews of the system and reflects the significant work that has been carried out to roll out DATIX web and develop controls/reporting for the online system.</p> <p>DM presented the draft Head of Internal Audit Opinion, highlighting overall good assurance and general trend to increasing strength of control systems. This opinion will be included in the annual governance statement and will mention the cyber security and management of C-section audits. DM went on to highlight that audit finding relating to consultant job planning and clinical audit system may be included in the opinion once completed.</p> <p><b>The Committee noted the reports.</b></p>	

4.2	<p><b>Market Intelligence Review INTEL4HEALTH Internal Audit</b></p> <p>DM presented the report which was based on a benchmarking exercise, requested by the Trust, to support the Trust's review and development of cost improvement programmes. This is based on the same group of Trust's that was originally identified by the GE team and aligns with other Trust benchmarking activity.</p> <p>The benchmarking review has identified areas of potential productivity gains for the Trust such as management of cancellations, length of stay and delayed transfers of care.</p> <p>The Committee discussed the report noting that it provided a good deal of assurance as it aligned with other sources of internal information and has been shared with the operational teams.</p>	
4.3	<p><b>External Audit update</b></p> <p>RL discussed External Audits plan for carrying out the audit of the Trust's accounts. There will be focus on the quality of the accounts, value for money and recording and management of strategic transformation funds. PS noted that the Trust has profiled the use of STF money and this should be transparent.</p> <p>The Committee discussed how External Audit is planning on reviewing the annual accounts and how they might deal with the review of the 'going concern'.</p> <p>PS agreed to prepare a paper that details the Trust's 'going concern' in light of the position taken by NHSI to be discussed alongside the review of draft accounts in April. <b>Action PS</b></p> <p>RL went on to highlight planned reviews of the Trust's revenue cycle, management controls, payroll accounting and use of capital.</p> <p>The district valuer's opinion will also be considered, DE reported that this should be available in time to support the audit.</p> <p>The value for money conclusion will revolve around financial stability, planned and delivered outturn.</p> <p>The Committee was satisfied with the proposals on how best to carry out the audit and consider its findings.</p> <p><b>The Committee noted the plans.</b></p>	PS

	4.3	<p><b>LCFS Report</b></p> <p>MH presented the apologising for minor typos in the wording.</p> <p>MH reported that the team had supported the Trust to complete and return the annual NHS Protect Self Review Tool (SRT). This assesses the Trust's compliance with the NHS standard for providers. The self-assessment is good and compliance is generally high.</p> <p>MH went on to discuss work to investigate three potential fraud cases, relating to false declaration of nationality to access treatment, timesheet fraud that is being managed by the Human Resources team and potential false claims for activity carried out by one of the Trust's anaesthetists.</p> <p><b>The Committee noted the report.</b></p>	
5	5.0	<p><b>Draft Annual Governance Statement</b></p> <p>CP indicated that the draft AGS was not yet ready for review by the Committee and that this will be ready for review in draft at the April Committee.</p> <p>The draft Head of Internal Audit opinion had been discussed earlier in the meeting.</p> <p><b>The Committee noted the draft HOIA opinion and National guidance on completion of the AGS</b></p>	
6	6.0	<p><b>AOB</b></p> <p>No any other business was recorded.</p>	
	6.2	<p><b>Date of Next Meeting:</b> 25<sup>th</sup> April 2017</p>	