

MINUTES OF AUDIT AND ASSURANCE COMMITTEE

**Meeting held on 13 July 2017
14.30 – 16.00 0 AD77**

Present:		Title:
Paul Biddle	PB	Committee Chair / Non-Executive Director
Richard Shaw	FS	Non-Executive Director
Richard Durban	RD	Non-Executive Director
In attendance:		
Paul Simpson	PS	Chief Finance Officer
Gillian Francis-Musanu	GFM	Director of Corporate Affairs
Peter Burnett	PBu	Deputy Chief Finance Officer
Jamir Bewick	JB	External Audit (Grant Thornton)
David May	DM	Internal Audit
Mike Harling	MH	Counter Fraud
Colin Pink	CP	Head of Corporate Governance
Barbara Bray	BB	Chief Of Surgery (Item 4.1.b)
Louise Wilson	LW	Medical Resourcing & Workforce Manager (Item 4.1.b)
David Vincent	DV	Resourcing Delivery Manager (Item 4.1.b)

1.	WELCOME, APOLOGIES FOR ABSENCE AND COMMITTEE CHAIRS UPDATE The Chair welcomed members and attendees to the meeting. No apologies were noted	<u>Actions</u>
1.1	Minutes of the previous meeting The minutes of the meetings held on 25 th May 2017 were approved as an accurate record of the meeting.	
1.2	Actions from previous meetings CP introduced the action tracker noting that all actions had either been closed as complete or closed and included in the agenda for discussion. No further business was raised.	
2	Review of BAF and SRR GFM presented the report, highlighting the range of strategic risks recorded and the conversations at the June Public Board.	

	<p>The Committee considered the BAF in preparation for the July Board. In particular the liquidity risk was discussed, it was felt that it is too early to downgrade the risk despite improving cash position, the narrative will however be updated.</p> <p>PS and RS discussed the transactional behaviour of the CCGs and this was reflected in the risk score for financial risks.</p> <p>The Committee discussed whether risk 5.0 should be aligned now to the development of an accountable care system, GFM agreed that this would be considered and updated as the system evolves.</p> <p>The Committee made recommendations for potential changes to narrative to support the description of strategic risk. Action GFM/PS</p>	<p>GFM/PS</p>
<p>3.1</p>	<p>Internal Control Plan</p> <p>CP introduced the plan for review of internal controls.</p> <p>The Committee considered the plan for review of controls throughout 17/18, noting the alignment to the BAF and the Board's focus on STP and system wide governance.</p> <p>The Committee agreed the plan.</p>	
<p>3.2</p>	<p>Review of Partnership Working</p> <p>PS introduced the review of internal controls for partnership working, noting that the Trust is looking to grow strategic partnerships. There are mechanisms for reporting elements of performance for partnership working. Overall the opinion is that the management of partnership working is good.</p> <p>The Committee considered management's review of partnership working controls and asked that it and the controls relating to the governance of STP, are reviewed once the governance arrangements had started to embed across the system.</p> <p>The Committee asked that the controls relating to STP governance are brought back for review. Action</p> <p>PB and PS discussed the difference between the management of suppliers and partners. The main difference being the focus on financial or strategic gain. Some supplier providers have an element of strategic change in contract, which is considered as part of delivery of agreed deliverables rather than negotiated as a strategic partnership in relation to internal controls.</p>	<p>GFM</p>

<p>3.3</p>	<p>Losses, Special Payments & Waivers</p> <p>The Committee discussed the update paper noting general movement and governance of waivers described in the standing financial instructions. There has been an increase in number of waivers, linked to the speed of building work and demand. Finance are looking into the matter and may change processes to support, PBU will update the AAC on any changes to process. Action</p> <p>The Committee noted the report.</p>	<p>PBU</p>
<p>4.1a</p>	<p>Internal Audit, Annual report and Plan</p> <p>DM introduced the annual report highlighting work completed in year, the review and management of audit actions and the 'extra value added' activity carried out in year. DM went on to discuss varying levels of engagement with Internal Audit from different staff.</p> <p>The Committee discussed the report and the benchmarking document that had been attached. On face value this represents a deterioration of controls however the Committee discussed how the Trust focusses Internal Audit on areas that add value and assurance and not specifically at areas that would provide an overall green position. The Committee was comfortable with this position.</p> <p>PS and CP discussed the issues highlighted relating to levels of engagement. CP reported that generally management engagement with Internal Audit is much improved over past years, most issues relate to communication and management of expectations.</p> <p>DM presented the plan for activity during 17/18, highlighting how it had been developed in alignment with Trust strategy and issues. The Committee considered the plan in detail and agreed amendments to increase the value of assurance and alignment with Trust priorities. In particular it was discussed how best to consider the impact and governance of the STP and it was agreed that the proposed start date for this audit would slip to the end of the year. The data quality audit was also discussed in detail and Internal Audit were asked to provide a draft scope to the Committee. Action.</p> <p>The Committee also asked that safeguarding audits focussed on both adults and children, that staff recruiting audits looked at management of overseas recruitment and that the Outpatients audit reviews management of booking and design of supporting systems.</p> <p>With these minor amendments the Committee agreed the plan.</p>	<p>Internal Audit</p>
<p>4.1b</p>	<p>Internal Audit, Progress report</p> <p>DM presented the progress report highlighting Internal Audit's review of consultant job planning which provided limited assurance over the Trust's controls for the management of Consultant job planning. Not all job plans were available for review and form and</p>	

	<p>format varied between division and speciality. BB, supported by LW and DV provided assurance that electronic systems are being put in place that will resolve the issues highlighted by the audit. Particularly development of registers of job plans, consistency of content and format and ability to job plan across the Trust. DM confirmed that the planned system would be a good step forward in developing the Trust's controls. BB and PS discussed potential benefits for capacity planning going forward.</p> <p>The audit also identified possible improvements in recording of insurance details for consultants carrying out private practice on Trust premises. The Committee asked for assurance on the matter, GFM reported that this improvement had been considered and implemented noting that over 90% of the forms held centrally had the appropriate information recorded.</p> <p>The Committee went on to discuss private practice. BB stated that this is and will be included in job planning systems going forward.</p> <p>RD noted the varying compliance in returns for WACH, DM indicated that the random sample had included a large number of WACH job plans and that it did not necessarily represent a problem for, or in the Division.</p> <p>The Committee asked for an update on progress of implementation of the new electronic system at an appropriate date. Action DH/HR</p> <p>DM went on to discuss Internal Audit's review of theatre utilisation which provided good assurance of the design of the Trust's systems and controls. PS highlighted the identified actions, review of stock and productivity plans which are discussed in detail at the FWC.</p> <p>DM drew the Committee attention to the 'Health Matters' document, specifically page 10 relating to new data protection regulations. The matter was discussed in brief noting that the changes in regulation come into force in May 2018.</p> <p>Internal Audit action tracker was discussed, noting generally good progress and work to consider the actions highlighted by the audit of governance of C-Section.</p>	<p>DH/HR</p>
<p>4.2a</p>	<p>External Audit, Annual Audit Letter</p> <p>JB presented the report. External Audit have given an unqualified opinion on the Trust's financial statements, which is the highest level of assurance possible for this review.</p> <p>The Committee discussed end of year position and ongoing conversations with local CCG's. These conversations, particularly disputes with Sussex CCG, had been noted by External Audit. JB stated that variance in end of year position remained within boundaries, the accounts are good and they could therefore provide an unqualified</p>	

	<p>opinion.</p> <p>PBu highlighted the good working relationship between the finance team and External Audit.</p> <p>JB highlighted that External Audit had also provided an unqualified opinion on the Value for Money review of the Trust. External Audit were satisfied that the Trust has put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. This is a significant achievement for the Trust and is based on financial surplus delivered in 2016/17 and strength of plans going forward.</p> <p>The Committee took significant assurance from External Audits annual letter.</p>	
4.2b	<p>External Audit, Review of Quality Account</p> <p>JB presented External Audit's review of the quality account providing an unqualified limited assurance opinion, this is the highest level of assurance possible from the scope of the audit.</p> <p>The Committee noted the report.</p>	
4.3	<p>LCFS Report</p> <p>MH presented the report highlighting the investigation cases detailed within the report. As with previous reports each case is in a different stage of completion and there is no specific triangulation between cases.</p> <p>Counter Fraud and GFM are linking with the new Freedom to Speak Up Guardian to strengthen information linkages.</p> <p>The Trust is looking to resolve outstanding cases and is working with immigration services in one case.</p> <p>PS reflected on the developing and good working relationship with the new Counter Fraud team.</p> <p>The Committee noted that the Trust benchmarks well for instance of fraud and that controls and focus of mitigation is reasonably practicable.</p>	
5	<p>ANY OTHER BUSINESS</p> <p>5.1 The meeting was Grant Thornton's last meeting as External Audit and the AAC gave a vote of thanks for their work with the Trust. Thanking JB in particular for his work with the Trust.</p> <p>5.2 The Committee reviewed and agreed the private part 2 minutes for the meeting 25th May 2017.</p>	

	<p><u>Date of next meetings</u></p> <p>7th September 2017</p> <p>9th November 2017</p> <p>11th January 2018</p> <p>13th March 2018</p> <p>April 2018 TBC 'draft accounts'</p> <p>May 2018 TBC 'final accounts'</p> <p>10th July 2018</p> <p>13th September 2018</p> <p>13th November 2018</p>	