

Trust Board Meeting: Wednesday 14 January 2015
TB2015.18

Title	Audit Committee Chairman's Report
--------------	------------------------------------------

Status	For information
History	This is a regular report to the Board

Board Lead	Mrs Anne Tutt, Committee Chairman			
Key purpose	Strategy	Assurance	Policy	Performance

A. Introduction

The Audit Committee met on 19 November 2014. The main issues raised and discussed at the meeting are set out below.

B. Significant issues of interest to the Board

The Committee considered the following issues:

1. The Committee received an update on outstanding recommendations from Internal Audit, noting that good progress was being made, with the recommendation tracking process showing that the number of outstanding recommendations continued to fall.
2. The Trust's Internal Auditors presented their final report on clinical guidelines, highlighting the overall assessment of partial assurance with improvements required. Some inconsistencies had been found in the approach to the review and updating of clinical guidelines across the divisions, and in the control exercised over access to create and upload procedural documents. The findings were not unexpected, and reflected challenges which the Trust is trying to address. There will be a report back to the Committee in six months' time, on the basis of which further follow-up will be determined as appropriate.
3. The Committee noted the draft internal audit report on the Information Governance Toolkit. This provided partial assurance with improvements required, reflecting that significant work is required in order to reach a Level 2 assessment by the 31 March 2015 submission.
4. The Committee considered the variation between the recent score of 2 given by the Internal Auditors in relation to the Trust's Quality Governance, and Monitor's score of 4.5. This was accounted for by the fact that the remit for KPMG's assessment had been expressly more limited than Monitor's forensic interrogation of systems, policies and practices right down through the clinical divisions, and this had reflected some inconsistencies in the divisional application of corporate systems.
5. A progress report was presented in relation to Counter Fraud. This highlighted a rise in referrals, which was interpreted as reflecting a good level of awareness throughout the organisation, remaining broadly in line with the national average, and with NHS Protect's expectations.
6. The Trust's External Auditors presented an overview of the stage reached in the 2014/15 audit, with initial planning meetings having been held with the finance team on the timing and scope of audit visits. Observations had been made on the updated protocol on the treatment of severance payments, and data analysis was being undertaken in respect of the Trust's use of bank and agency nursing staff, and options to help recruitment and retention of staff through available tax efficiencies.
7. The Committee considered the regular report on losses and special payments for the period April 2014 to September 2014, along with an additional report on the comparative level of losses and special payments in 2013/14. This showed that the

Trust reported the 8th highest level of losses and special payments by value out of 27 NHS organisations included in the sample. The Trust ranked mid-table when comparing the proportion of losses and special payments with the total operating income.

8. An evaluation of the clinical audit programme for 2013/14 and the forward plan for 2014/15 was presented, showing the Trust to be on track to complete the programme for 2013/14, with sustained improvement in the registration of clinical audits. The Committee supported the inclusion of clinical audit activity in Job Planning Guidance, and noted the creation of a newly formed Clinical Effectiveness Committee, as a sub-committee of the Clinical Governance Committee. A benchmarking exercise is to be undertaken, to assess the Trust's performance in relation to clinical audit compared to other trusts, and this will be reported to the Committee.

C. Key Risks Discussed

The following key risks were discussed:

9. The risk of failure to maintain the quality of patient services was considered, and a 'Deep Dive' review of the level of assurance with regard to this risk was presented. The potential impact of changes in patient flow on the quality of patient services over time was highlighted, recognising the need to address the interface between activity levels and the quality of patient care delivered. Whilst regular reports on CQC compliance through the HealthAssure system had been suspended, pending the publication of updated guidelines from the CQC, further assurance should be provided when these resume from April 2015.
10. A 'Deep Dive' review of the level of assurance with regard to the risk of failure to maintain operational performance was also presented for the Committee's consideration. The two main areas of concern highlighted were in relation to the risk of failure to reduce Delayed Transfers of Care [DTOCs], and the risk of failure to deliver National A&E targets. An external review conducted by the Emergency Care Intensive Support Team [ECIST] in September 2014 had provided assurances as to the quality of care being provided, and it was noted that an action plan was being developed to address the recommendations made by ECIST, which would be monitored by the Trust Management Executive [TME]. The lack of a credible, system-wide plan to reduce emergency activity was felt to represent an additional express risk to maintaining operational performance.
11. The Committee also considered the importance of accuracy in the forecasts of operational performance, which should help to improve the delivery against national standards. Data quality, and the accuracy of reporting, was expected to improve further with the increasing clinical functionality of the Electronic Patient Record [EPR], and lessons had been learned from instances of poor data quality earlier on during the implementation of the EPR.

D. Key decisions taken

The following key decisions were made:

12. Subject to any comments received, the Committee supported submission of the Investment Policy for the approval of Trust Board at its meeting in January 2015.
13. The Committee considered the accounting estimates and material judgements, and adopted the accounting policies for the preparation of the 2014/15 annual accounts.
14. The Committee agreed to recommend the adoption by the Trust Board of changes to Standing Orders/Scheme of Delegation/Standing Financial Instructions.

E. Agreed Actions

The Committee agreed the following actions:

15. That there will be a report back to the Committee in six months' time on progress to address the Internal Auditors' findings in relation to clinical guidelines, on the basis of which further follow-up will be determined as appropriate.
16. That there will be a report back to the Committee on the Trust's performance in relation to clinical audit compared with other trusts progress, and on the development of a clinical audit database.
17. That a benchmarking exercise be undertaken with regard to single tender waivers and reported to the Committee.

F. Matters deferred for future consideration

No matters were deferred for future consideration.

G. Assurance required from/actions required by other Board sub-committees

The outcome of an on-going investigation into Consultant Sessional payments, when available, is to be submitted to the Finance and Performance Committee, as well to the Audit Committee.

H. Matters to be referred to the Trust Board

The Committee supported the submission of the Investment Policy, and Review of Standing Orders, to the Trust Board for its approval.

Recommendation

The Trust Board is asked to note the contents of this paper.

Anne Tutt
Audit Committee Chairman

January 2015