

Trust Board Meeting in Public: Wednesday 9 March 2016

TB2016.30

Title	Audit Committee Chairman's Report
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Status	For discussion
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 17 February 2016. The main issues raised and discussed at the meeting are set out below.

B. Significant issues of interest to the Board

The following issues of interest are highlighted for the Board:

1. A progress report was received from external auditors Ernst & Young, together with the Audit Plan for the NHS Trust covering the period 1 April 2015 to 30 September 2015. Following the Trust's authorisation as a Foundation Trust on 1 October 2015, it was required to prepare part year NHS Trust accounts for the first six months of the financial year 2015/16, and first period Foundation Trust accounts for the period 1 October 2015 to 31 March 2016. Draft accounts have been prepared for the NHS Trust period. The external auditors confirmed that they had completed a large part of the audit of those accounts and reported that, to date, they had not identified any significant issues which they needed to raise with the Trust.
2. A separate Audit Plan will be issued by the external auditors for the Foundation Trust accounts for the period 1 October 2015 to 31 March 2016, and this will be submitted to the next meeting of the Audit Committee.
3. The Committee received a report on progress in the implementation of all agreed internal audit recommendations. While only one recommendation was reported to be overdue as at the end of January 2016, it was noted that a significant number of recommendations would fall due over the next three months, and more reports were expected to be issued shortly by the internal auditors. As such, the need for constant vigilance was recognised.
4. The Trust's internal auditors [KPMG] reported that it had issued six reports since the last meeting of the Audit Committee held in November 2015. Four of these had provided significant assurance with minor improvement opportunities, in relation to:
 - IT General Controls;
 - IT Disaster recovery;
 - Incident Reporting; and
 - Data QualityTwo reports had provided partial assurance with improvements required, in relation to:
 - Information Governance Toolkit; and
 - Medicines Management.
5. When considering the conclusions of the report on Incident Reporting, the Committee strongly supported continuation of the mechanism by which incidents of moderate or greater harm were typically referred for consideration at the weekly SIRI¹ Forum, to determine whether they should be reported as a SIRI on STEIS² (other than in cases where the incident unquestionably constituted a SIRI). The Medical Director was supported in his view that great benefit was derived from the level of clinicians'

¹ Serious Incidents Requiring Investigation

² NHS Strategic Executive Information System

engagement in reviewing incidents of moderate or greater harm at the weekly SIRI Forum, and this could be undermined by insisting upon earlier reporting of any potential SIRI on STEIS, which might subsequently be down-graded.

6. In relation to the report on Information Governance Toolkit, it was confirmed that all the recommendations had been accepted, and the majority had now been addressed, to ensure that the Trust should be able to demonstrate compliance as required, prior to 31 March 2016. The Director of Planning and Information would be asked to attend and report to the next meeting of the Audit Committee.
7. In relation to the report on Medicines Management, the Committee considered the management responses, and reviewed the integrated action plan proposed. It was agreed that the substantive issues raised in relation to the quality of care should be considered further by the Quality Committee at its meeting in April, while it would fall within the remit of the Audit Committee to monitor effectiveness of the processes by which actions agreed were implemented.
8. Following an earlier report issued by KPMG which provided partial assurance with improvements required in relation to Statutory and Mandatory training, an update was provided on actions being taken to address the key areas of concern.
9. Following the receipt of draft reports submitted by KPMG to the meeting of the Audit Committee held in November 2015, indicating partial assurance with improvements required in relation to:
 - the Trust's approach to Raising Concerns, and
 - the Trust's Immigration Compliance

an update was provided on progress towards completion of actions required. The Committee awaits publication of the Final Reports, for further consideration as appropriate.

10. The Committee received a report on progress in Counter Fraud activities, which had included a successful Fraud Awareness Week held in January 2016, raising the level of fraud awareness throughout the Trust.
11. The results of a review of effectiveness of Internal Audit, the Local Counter Fraud Service, and of External Audit were presented to the Committee, showing a largely positive response.
12. The Committee approved the timeframes for production of the Annual Governance Statement.
13. The Committee considered the accounting estimates and material judgements, and adopted the accounting policies as presented, for preparation of the 2015/16 accounts (see paragraphs 1 and 2 above).
14. The Committee considered a regular report on losses and special payments for the period from 1 April to 31 January 2016.
15. The Committee reviewed the register of single tender waivers from April 2012 to February 2016. to 20 October 2015, noting that there had been an increase in the number and value of single tender waivers, which it was suggested was due in part to tighter controls that had been established across the Trust, and the resultant visibility of procurement processes within departments.

C. Key Risks Discussed

16. The Committee reviewed the updated Board Assurance Framework [BAF] and Corporate Risk Register [CRR], considering in particular emerging risks which had been highlighted by the Quality Committee, including:

- Safe and secure storage of medicines, as identified from audits of medicine management, conducted by the Trust's Internal Auditors (as mentioned above), and from audits performed internally by the Trust;
- The risks associated with temporary suspension of aspects of elective paediatric spinal surgery, following concerns raised by clinicians; and
- Potential risks associated with sustaining some services currently delivered at the Horton General Hospital; and
- The potential operational impact of maintaining safe nurse staffing levels, whilst adhering to controls on agency expenditure, and in particular the agency price cap.

17. The Committee also considered emerging risks which had been identified by the Finance and Performance Committee, including:

- The potential contractual implications of issues raised by Oxfordshire Clinical Commissioning Group [OCCG] in relation to planned care access, and the endorsement of test results.

18. The Committee supported further consideration of how deep dive reviews could be better conducted, better to inform the assessment of risk.

D. Key decisions taken

The following key decision was made:

19. Clinical incidents of moderate or greater harm should continue to be referred to the weekly SIRI Forum, for review by the multi-disciplinary group of clinicians who generally attended that Forum, following which those incidents which were determined to constitute a SIRI would be reported as such on STEIS.

E. Agreed Actions

The Committee agreed the following actions:

20. Executive Directors would be asked to consider the King's Fund Report *Uses and Abuses of Performance Data in Healthcare*³, and its five recommendations:

To make data quality as important as hitting targets –Ownership of data by clinicians and patients is deemed integral to alleviating this. The report also advocates that the National Audit Office should undertake “an ongoing audit programme on data integrity.”

To measure the context not just the indicator –“Counterbalancing metrics for every target” should be in place in order to gain a fuller picture of performance. The need to tackle current ‘black holes’ in performance measurement is underlined.

³ The full report is available at <http://www.drfooster.com/updates/recent-publications/uses-and-abuses-of-performance-data-in-healthcare/>

To avoid thresholds –The authors argue that reporting performance “as a continuous variable rather than as a pass-fail against an artificial threshold” would help to alleviate some of the aforementioned ‘abuses.’

To be open –Transparency and openness of data is crucial and the report advocates availability of information to “the lowest possible level of granularity” for research.

To apply measures fairly -this encompasses: recognition of cases “where the right thing to do...is to prioritise something over and above targets”

F. Matters deferred for future consideration

21. None.

G. Matters to be referred to the Trust Board, and other sub-committees of the Board

22. In relation to the report on Medicines Management, it was agreed that the substantive issues raised in relation to the quality of care should be considered further by the Quality Committee at its meeting in April 2016.

Recommendation

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

Anne Tutt
Audit Committee Chairman

March 2016