

Briefing from Audit Committee: 10 November 2011
Presented by Sarah Connor, NED, Committee Chair

Agenda item 191/11

Update on previous action item re Capital Planning Group We were updated that revised structure & ToR ensure risk-assessed and prioritised capital spend allocations. An update on integration with risk registers and IRGC was requested for January.

Integrated Risk & Governance Committee Audit Committee was updated on the earlier IRGC meeting.

Clinical Quality Assurance Committee Audit Committee was updated on the earlier CQuAC meeting, including a discussion at that meeting about Clinical Audit. We were reassured that the Clinical Audit programme is risk-based, derived from Divisional risk registers, and results feed back in. We agreed that it would be good to see more links with BAF risks (either as assurance or gaps), and results to be RAG-rated.

Finance Report Audit Committee agreed a change to accounting policy for the way gains & losses on building sales are recognised, from the “old” NHS to current IFRS methodology. In future, building sale proceeds above / below Net Book Value will be taken to Income & Expenditure.

Board's Assurance Framework (BAF) All risks have updated or new wording, allaying previous concerns about processes for regular updating. Internal Auditors, RSM Tenon, attended DSG in October to discuss September's “deep-dive” review of risks, and have carried another review, which they will combine with September's review and issue as a report for action.

CQC Assurance Report A verbal report on CQC Registration was provided for Audit Committee, together with a briefing on the Deanery visit.

External Audit progress report Grant Thornton have still not issued final IT recommendations from their spring audit – we saw a draft list in June, which was withdrawn pending discussion. There have been process issues in getting these finalised – they have now been reduced from 7 to 4 and finalised – and are to be sent out by email.

Internal Audit Report Audit Committee confirmed its approval (given by email) to use funding from the planned governance audit for an audit of NHS Supply Chain invoicing accuracy, where there is concern whether processes may mean paying for goods not received. RSM Tenon updated Audit Committee on 2 audits (18 weeks and Procurement & Contract Management – both amber / red); and 1 advisory review (theatre efficiency) – 27 recommendations overall – all agreed). We understand that the theatre efficiency review complements the work done by Meridian.

The Procurement audit identified 2 instances, out of the 2 in Clinical Engineering selected to check, (= £174k in 2011/12) where SFIs had been breached, and therefore could have failed to achieve value for money. In fact, it appears that the spend was appropriate and represented good vfm, but the principle of adherence to SFIs / SOs needs to be reinforced. The latest version of these documents is included in November Board papers for approval, and Anna will use these to remind the whole organisation of the importance of these documents and associated processes.

Following the Procurement audit, Anna will review the audit debrief process with the internal auditors, in order to improve it, and, following that, the document which briefs Execs and teams on the processes will be revised.

We agreed to use an on-line assessment tool developed by RSM Tenon for our effectiveness review at the end of the year.

Audit Committee agreed to stand back from the process of reviewing audit scopes, as these have improved since Anna started reviewing them prior to the audits.

Outstanding Audit Recommendations 3 internal audit recommendations are just over 1 month overdue – one needs an alternative (not IT) solution, there has been action on another (but we would like to see a completion date), and the third appears complete.

Terms of Reference ToR (amended to reflect Revised Handbook best practice) were agreed and will be taken to November Board.

Audit Committee agenda review Following the September meeting, I submitted a paper outlining our discussion about making our meetings more focused / effective / shorter, expanding some of the ideas suggested. We agreed with some, and will implement these (no detailed review of CQC compliance report; no presentation of any written report; introduce a cover sheet for papers; continue to review meeting effectiveness), but are wary of overstepping our remit into IRGC / Board areas, so agreed not to introduce themes (eg strategic objectives or processes) to focus agendas. RSM Tenon are due to attend a meeting which may give ideas and will report back at our January meeting.

Losses & Compensation Noted. An item regarding a cash / banking discrepancy, though minor, raised a question about controls, which appear sufficient.

Waiver Register The new format report for the schedule was used and is helpful. Concern was expressed about IT contract waivers, which will be taken forward outside the meeting, and waivers for regular supplies, which need call-off orders. Other waivers included in the schedule were noted.

Gifts & Hospitality Register Noted.

Register of Interests Not produced, and we questioned whether we need to see every meeting.

Review of Committee members' contact with organisation & executives, and training needs Agreed to pick up in correspondence and bring back to January meeting, due to meeting over-running and in view of new member joining Committee.

Date of next meeting is 12 January 2012.

Sarah Connor
NED Chair of Audit Committee
November 2011