
Public Board – 29 September 2011

Briefing from Audit Committee: 15 September 2011

Presented by Sarah Connor, NED, Committee Chair

Update on previous action item re Capital Planning Group There was concern earlier this year as to whether the Capital Planning Group is making risk-assessed and prioritised capital spend allocations. We were updated that a senior Estates manager has taken over as Chair and ToR are in process of revision – a further report-back was requested for November.

Integrated Risk & Governance Committee Audit Committee was updated on the earlier IRGC meeting, including one Division's risk around identifying Big Ask savings.

Clinical Quality Assurance Committee Audit Committee was updated on the earlier CQuAC meeting, where there had been an update on complaints, our review of the Mid-Staffordshire Hospitals report, quality indicators, emergency care, and a presentation about the dementia strategy.

We discussed whether Clinical Audits are sufficiently risk-based and linked to the BAF, and asked that the programme is reviewed to assess this, and amended as necessary. Internal Audit advised that Clinical Audits should assess effectiveness of process change made as a result of SI reviews.

Finance Report There were no assurance issues.

Bribery Act Committee was updated on actions to comply with the Bribery Act. High-risk groups will be covered by the end of September, with all actions complete by the end of December. LCFS complimented the Trust on being pro-active. Final update at January meeting.

Board's Assurance Framework (BAF) The BAF had been updated and some new risks added since the previous review. However, the Committee was concerned that the wording of some risks had not changed for some time, causing concern as to whether the process is functioning fully whereby risks are regularly monitored and updated. Internal Auditors, RSM Tenon, have carried out a “deep-dive” review of 2 risks, and have made some valuable improvement suggestions which they would like to take to DSG.

CQC Assurance Report A verbal Q1 report on CQC Registration was provided for Audit Committee, with the written report due to September Board.

Annual Audit Letter External Audit (Grant Thornton) provide the Trust with an annual letter, expressing their opinion on our accounts, and on our achievement of economy, efficiency and effectiveness in our use of resources. We have been given a “clean” opinion in both areas for 2010/11. In addition, they carried out an audit of reference costs and of the Quality Account. There are a number of recommendations for improvement actions from all of these areas, which have been agreed and are in progress.

External Audit progress report Grant Thornton will issue final detailed reports on their findings and recommendations from their reviews of our Financial Resilience, and Quality Accounts, with some amendments of drafts discussed at the meeting. In June, we had seen a draft list of IT recommendations, which was withdrawn pending discussion and will be re-issued for our

November meeting.

As recommended by the Audit Committee Handbook, we reviewed their performance, but informally. GT provided quantitative data about products, deadlines etc and we received some qualitative feedback from NEDs and within the organisation. This is not a very satisfying process and I have asked GT for advice on a more structured process (though they indicated that none of their other clients currently does this).

They have indicated that our fee for 2012/13 should be in the region of £120k (2011/12 £139k; 2010/11 £152k).

Internal Audit Report RSM Tenon updated Audit Committee on the progress of 2011/12 audits: 2 audits have been completed to date (both amber / red; 14 recommendations overall – all agreed). These audits highlight potential £200k lost income, which is worthy of focus in view of the stretch to deliver Big Ask 2.

1 audit report (with 1 “high” and 5 “medium” recommendations, containing a list of efficiency “quick wins”) was issued at the end of July and the Trust had not responded to Internal Audit by the date of the meeting. **We have an agreed turn-around time of 15 working days, making this response 20 working days overdue (ie no response until 35 days after issue!).** Although many of the recommendations were implemented after the debrief meeting, this does create the impression that the Trust is not taking the process seriously, and I would like Executives to take note.

2 audits (18 weeks and Divisional Reviews) have been delayed – Audit Committee is content with the reasons for these. One has now been completed and the report will be brought to the November meeting.

We reviewed & commented on the scopes of 8 forthcoming audits.

Audit Committee briefly reviewed the Quality Governance Review report from Mike Gill, and asked for any feedback for its further discussion within the Trust.

Outstanding Audit Recommendations 2 internal audit recommendations are 1 month overdue – there has been action on both of these and they appear close to completion.

Counter Fraud Progress Report Highlights are:

- ⤴ 20 days pro-active work, out of 55 planned (awareness, managing risk, and compliance)
- ⤴ a pro-active review of verification of overseas workers (report not yet issued)
- ⤴ there have been 1 ongoing and 3 new fraud investigations, costing 11 days work. 1 case has been closed, with an employee dismissed, but assessed £nil loss to the Trust.

Terms of Reference Existing ToR were included in papers, with a request for feedback of any amendments.

Review of Standing Orders, Standing Financial Instructions and Scheme of Delegation Audit Committee received an advisory paper from Finance outlining amendments to these documents, discussed them, and recommends them to the Board for approval.

Losses & Compensation Noted.

Waiver Register Waivers included in the schedule were noted. The new format report is still awaited.

Gifts & Hospitality Register Noted, with a request that the Medical Director review medical notifications.

Register of Interests Noted.

Review of meeting Audit Committee agreed we are getting useful assurances in terms of compliance, but that it would be helpful to consider whether the Trust is going the right way fast enough. In addition, there is a feeling that the meeting is forced to be over-long by the list of items which best practice requires us to consider, so we agreed to review whether there is duplication

with other committees, whether we could review some items less often than every meeting, and whether we could take some papers as read unless notified to the Chair for discussion. We also agreed to consider structuring the meetings around themes rather than a list of reports.

Date of next meeting 10 November 2011.

Sarah Connor
NED Chair of Audit Committee
18 September 2011