

ITEM: 08/138

DOC: 9

Meeting: Trust Board
Date: 17 September 2008

Title: **Report from the Audit Committee: Decisions and actions from the meeting on 4 September 2008**

Executive Summary: The Audit Committee met on Thursday 4 September 2008. Present were Anna Merrick (Chairman), Robert Aitken and Anne Johnson. Senior officers of the Trust, external and internal auditors and a representative from the counter fraud service were in attendance.

The attached paper summarises the key decisions and actions agreed at the meetings, and is in draft form pending approval by the chairman of the Committee.

The full minutes will be circulated in draft to all members of the Board and will be submitted for approval at the next meeting of the Audit Committee on Monday 10 November.

Action: For information and discussion of any matters arising

Report from: Tim Jaggard
Deputy Director of Finance

Sponsor: Susan Sorensen, Trust Corporate Secretary

Financial Validation

Lead: Director of Finance

Name of finance officer

Compliance with statute, directions, policy, guidance

Lead: All directors

Reference:

Compliance with Healthcare Commission Core/Developmental Standards

Lead: Director of Nursing & Clinical Development

Reference:

Compliance with Auditors' Local Evaluation standards (ALE)

Lead: Director of Finance

Reference:

**Evidence for self-certification under the
Monitor compliance regime**

Lead: All directors

Compliance framework reference:

Compliance Framework Appendix C3

Report from the Audit Committee

Introduction

1. The purpose of this paper is to summarise the key actions and decisions arising from the Audit Committee (AC) on 4th September 2008. Key actions are shown in **bold**. The minutes of the meeting contain a more comprehensive list of actions and discussion.

Update on Outstanding Actions from June 2008 Audit Committee

Action	Progress / Update
Produce Integrated Governance documentation in light of the FT application	To be brought to November AC
Review DH guidance on the health impact of climate change	To be brought to November AC
Clarify the reporting line for security management	AC agreed that there should be a Non-Executive Director nominee – Joe Liddane to nominate
All other action points	Complete or covered elsewhere on agenda

Counter Fraud Service Progress Report

2. There are currently four open investigations. The review on HR Legal Status employment Checks was completed in July 2008. **Human Resources to update recruitment practices by incorporating Home Office guidelines for conducting document checks.**
3. The payroll discrepancy case is now closed. **Tim Jaggard to meet with Local Counter Fraud Specialist (LCFS) in September to plan a proactive review in payroll.**

Health and Safety Committee Report

4. A recent fire brigade audit has led to three areas of improvement being identified – reducing unwanted fire alarms, better control of contractors, and better security patrols. Actions have already been completed to respond to the audit's findings.
5. Several members of staff have been sent on a Conflict Resolution Course. Responding to the increase reporting of violence on staff, **Steve Primrose to add this to the Trust's risk register in September.**

Clinical Governance Committee Report

6. The new regulatory framework for blood transfusions was considered to pose no significant risk to the Trust.
7. The AC noted the risk of breaching the MRSA target this year. It was agreed that the focus should be on peripheral cannulae, and it should be communicated to patients potentially choosing the Whittington that no MRSA cases have occurred in surgery.
8. **Fiona Elliott to bring an update and action plan to the October Trust Board.**

9. The e-learning system for training in Serious Hazards of Transfusion had received a mixed response. Training is being supported and managed by the senior nursing team. **Clinical Governance Committee to look into using a competency-based system and report back to November Audit Committee.**
 10. Two areas of non-compliance were noted in the Hygiene Code Inspection: decontamination of mattresses and cleaning schedules on the wards not being displayed. **DC to ensure that cleaning schedules are displayed.**
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Healthcare Commission – Core Standards Inspection / Preparation for 2008/09

11. No major problems were found in the July inspection, although the formal report will not be received until October.
 12. The AC agreed that a more robust procedure was required for collecting and signing off evidence. It was agreed that one Executive Director should be responsible for each area, with Non-Executive Directors signing off but not involved in the detailed collection of evidence. **Executive Committee to assign areas for November AC.**
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Serious Untoward Incident (SUI) Update

13. CCTV coverage has been widened to include the staircase that was the site of the SUI involving a service user from the Highgate Mental Health Centre.
 14. **A full report updating the AC on all SUIs will be brought to the November meeting.**
 15. The AC requested that consideration is given to how the SUIs are recorded and monitored within the Assurance Framework. **Deborah Clatworthy, Fiona Elliott and Susan Sorensen to discuss and report back.**
 16. Emails have already been sent to all members of staff reminding them of the importance of reporting incidents. **Deborah Clatworthy to emphasise further in the next issue of Cats' Eyes, and to focus on the maternity unit / pathology labs.**
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Risk Management Strategy / Board Assurance Framework (BAF)

17. The risk register now measures residual risk *after* mitigating actions. The AC agreed that risks should be reviewed and re-scored when necessary. **Fiona Elliott to review the linkage between the risk register and the BAF, including mapping of Integrated Business Plan risks to the BAF / risk register risks.**
 18. There will be a re-launch of the Trust's risk management strategy in the next Chief Executive's Briefing / issue of The Link. The strategy will be signed off by October.
 19. **Fiona Elliott to review the presentation of the BAF, to include a top-level summary and consideration of using a software package to manage the risk register / BAF.**
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Governance Self-Certification for FT Application

20. The Trust has commissioned Parkhill to ensure that the evidence that we're providing to support the Board Statement is of sufficient quality. **Susan Sorensen to arrange for a section on reputational risk to be included.**
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Draft Trust Annual Report

21. The draft Annual Report will be in the format of a travel guide. The AC signed it off in principle and agreed the report should have more content relating to the Trust's services whilst acknowledging that it must meet accountability and marketing requirements.
 22. **Fiona Elliott to liaise with staff producing the report to ensure that all pictures in the report show staff complying with hygiene procedures.**
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Internal / External Audit Progress Report

23. Limited assurance has been given to the capital contracts internal audit, primarily due to project management issues. An action plan has been drawn up by the Facilities Directorate to resolve these issues, which will be achieved with existing resources.
 24. **Steve Primrose to ensure that tighter controls are in place with immediate effect**
 25. An opinion of substantive assurance has been confirmed for the 2007/08 annual accounts
 26. The progress report was discussed in detail, with the following key discussion points:
 - The Trust does not need to respond to the private patient income consultation
 - The role of the Council of Governors will be clarified at a meeting on 21st October
 - The National Benchmarking exercise showed that the Trust was 'undercoding' activity
 27. A 'High Performing Board' event is being hosted by the Audit Commission, looking at the role of governors, the Board and NEDs. An invitation will be sent to Board members.
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Auditors' Local Evaluation (ALE) / Charitable Fund Accounts

28. The Trust received an ALE score of 3 (scale of 1-4), with improvements in financial reporting and financial standing over the previous year. The Trust expects the same score in 2008/09.
 29. It was confirmed that the charitable funds accounts received an unqualified opinion.
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International Financial Reporting Standards (IFRS)

30. Although a significant amount of work will fall on the finance department, implementation of IFRS will require corporate engagement will across the organisation.
 31. Four significant challenges were highlighted:
 - PFI – also likely to move onto the balance sheet, with a significant impact on the Trust's Income and Expenditure (I&E) position. External advice to be sought.
 - Leases – more leases will move onto the balance sheet. External advice to be sought.
 - Revaluation of fixed assets – may lead to impairments and impact on I&E position.
 - Employee benefits – untaken annual leave etc. may need to be accounted for.
 32. **Alan Levett and Richard Martin to set up a project team in September with a planned timetable and deliverables. Report on progress to November AC.**
 33. The first major deadline for IFRS is the restatement of 2007/08 accounts by December 2008. Definitive guidance will be issued to explain how the NHS regime will be adapted to avoid breaches in Breakeven Duty / Terms of Authorisation due to IFRS implementation.
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Other Decisions / Actions

34. The AC authorised write-off of £147k of debt, the majority of which related to one overseas visitor from a country with whom the UK has no reciprocal healthcare agreement. This type of situation was acknowledged as being a problem across the NHS.
35. It was acknowledged that the Trust has fewer tender waivers than comparable organisations, although there should be a plan to review timing of project plans to ensure that waivers are not sought for timing reasons alone.