

Board of Directors' Meeting Report – 24th September 2014

Agenda item 286/14

Title	Report from Audit Committee
Sponsoring Director	Mike Green – Non -Executive
Authors	Mike Green – Non -Executive
Purpose	To update the Trust Board on the meeting of the Audit Committee held on 12 September 2014.
Previously considered at	N/A
Executive Summary	
<ul style="list-style-type: none"> • Good progress is being made against the annual audit plan. • Two red rated reports have been issued since the last meeting (Agency Staffing and E-Rostering). • A review of contract and income management has been completed at the request of the CFO. • Consultant Job plans are not sufficiently advanced to be audited. • Allocation of BAF reviews between the Board and its Committees agreed. 	
Related Trust Objective	All objectives through oversight of assurance process
Related Risk	All risks through oversight of the assurance process
Legal implications / regulatory requirements	Good governance demands an effective assurance framework monitored by the Board through the Audit Committee
Quality impact assessment	N/A
Equality impact assessment	The Committee's agenda focuses on the Trust's systems of internal controls and risk management framework. There will be areas where equality and diversity are a specific consideration. However as far as can be considered this paper has no detrimental impact for the 9 protected characteristics under the Equality Act 2010
Recommendations:	
The Board is asked to note this report and receive assurance	

Report from the Audit Committee

1 Background

The purpose of the Committee is to provide the Board with assurance that an effective risk management framework with appropriate controls is in place.

2 Current Issues

External Audit

The External Auditors were not present at the meeting.

Internal Audit progress.

Good progress is being made against the internal audit plan with 10 reports issued to date. Fieldwork has begun in 3 further areas with 9 of the remaining 10 areas planned-in but yet to start. The final area relating to Business Continuity is to be reconsidered to incorporate a review of the controls over “cyber crime”

Since the last meeting 6 reports have been completed as follows:

Assignment	Opinion	Action agreed by priority		
		High	Med	Low
Follow up	Adequate progress	0	5	1
Consultant Job Planning	Position Statement	2	0	0
Contract and income management	Advisory	3	5	0
Agency Staffing	Red	1	7	3
E-rostering	Red	0	6	0
Business unit/divisional reviews	Green	0	1	2

There are two red rated reports – Agency staffing and E-rostering both of which are areas know by the Trust to require improvement. These will be followed up later in the year so that progress can be captured and inform the Head of Internal Audit opinion. These are the first red reports of 2014/15.

- *Follow up* – the follow up looked at 4 audits carried out in 2013/14 to ensure recommendations were being implemented to the agreed timetable
 - Divisional Governance Review
 - Monitor Licencing
 - Theatre Utilisation
 - Patient Administration System

20 recommendations were made in these areas - 1 'high', 13 'medium' and 6 'low'. 75% of the recommendations have been implemented including the one designated 'high'. 20% of the recommendations are in progress and further action should be taken to implement them. The remaining 5% (one action - to

establish a Divisional Accountability Agreement) is due to be implemented by 30 November 2014.

- *Consultant Job Planning* – 2013/14 job plans were not completed/approved sufficiently to enable a sample to be selected for audit. The Medical director will be asked to report on progress for 2014/15 as a matter of urgency.
- *Contract and income management* – this was a piece of work commissioned outside of the annual plan by the CFO to review areas of concern within the income team. Issues to be addressed include team structure and roles, reporting lines and capability.
- *Agency staffing* – the review identified a lack of a formal Temporary Staffing Policy, lack of management information on usage and a lack of executive challenge of the use of agency staff. This is an area where many Trusts are struggling and the COO suggested the issue was exacerbated by recruitment issues. It was agreed that this was likely to be a factor but that ensuring the Trust had its own control framework operating properly would manage the risk. The actions identified are due to be implemented by December 2014.
- *E-Rostering* – the red opinion is a result of significant slippage and under delivery of the E-rostering project and the lack of compliance with fully approving rosters in line with established timeframes. A new project manager has been appointed who will report to the Committee in November 2014.
- *Business unit review* – the review focused on Diagnostic and Therapeutic and Women's and Children's

The Head of Internal Audit noted a trend that red rated reports over the last two years had focused on HR and staff related issues. It was agreed the Director of HR would attend the next meeting to review progress.

3 Review of Standing Orders (“SO’s”) and Standing Financial Instruction’s (SFI’s)

The Committee reviewed the proposed amendments and updates to the SO's and SFI's. These will be presented to the Board in due course. A number of other documents which are referred to in the SO's and SFI's also require updating

4 Board Assurance Framework (“BAF”)

The Committee agreed the proposed allocation of BAF reviews between the Board and its Committees. The majority have been allocated to QAC and the Finance and Investment Committee. Reviews will begin from the next meetings of the relevant committee. It was agreed that the review needs to be supported by a paper setting out the level of assurance received in each area and progress against any actions.

5 Areas for discussion

- Consultant Job Plans
- E-Rostering
- Agency staffing

6 Next steps

- Evaluation of External Auditors (held over to November 2014)
- Review of Terms of Reference (November/January)
- Review of the BAF

7 Recommendations

The Board is asked to note this report and receive assurance