

Meeting:	Brighton and Sussex University Hospitals NHS Trust Board of Directors
Date:	30th March 2015
Board Sponsor:	Chairman, Audit Committee
Paper Author:	Chairman, Audit Committee
Subject:	Audit Committee report – March 2015

Executive summary

The Committee discussed a report from external audit on the external audit plan for 2014/15, together with a progress report from internal audit and noted the progress made with previous internal audit recommendations.

The Committee received a presentation on recruitment, welcoming the progress made with the recommendations following the limited assurance internal audit, while noting the risks to sustained improvement. The Committee also made a number of recommendations to ensure recruitment practice is consistent with the Trust values. The Committee was also advised on progress with e-rostering by the programme team, noting the variability in implementation across service areas.

The Committee discussed the Local Counter Fraud Specialist (LCFS) work plan for 2015/16 and recommended the inclusion of: charitable funds; the governance of 3Ts, and the pathology Joint Venture within the plan.

The Committee also discussed the draft Annual Governance Statement (AGS) and made a number of recommendations for inclusion in the final AGS, which forms part of the Annual Report.

Links to strategic objectives	Best and Safest Care ✓ High Performing ✓
Identified risks and risk management actions	Risks to the sustainability of the improvements made in recruitment; uneven implementation of e-rostering between areas
Resource implications	Not applicable
Legal implications	None identified
Report history	A report is made to the Board by the Chair of the Audit Committee following each Committee meeting
Appendices	None
Action required by the Board	
The Board is asked to note the Audit Committee report and identify any further information or clarification required.	

Report from the Audit Committee March 2015

Purpose

To summarise the proceedings of the Audit Committee held on 2 March 2015.

1. External Audit

The Audit Director introduced the external audit plan 2014/15, some highlights;

- the delivery of the financial plan will attract additional audit attention as the risk of manipulation to achieve financial targets is deemed higher than in previous years. This is in line with normal practice where a tight financial performance is evident
- arrangements for securing economy, efficiency and effectiveness will be examined as will the delivery of the CIPs programme
- work on the Quality Accounts as part of the Code of Practice audit is no longer required
- work would be undertaken to gain assurance in respect of Pharm@sea

Materiality; the determination of materiality will be based on 1% of gross operating expenditure. The audit fees have reduced by 10% this year (circa £114k).

2. Internal Audit

2.1 Internal Audit Progress Report

The internal audit progress report noted two limited assurance reports since the previous Committee; staff appraisals and RTT/access policy.

The Committee discussed the findings of the appraisal audit, noting the reasons for poor appraisal rates included excessive spans of control, workload and competing priorities and limited data and accountability for conducting appraisals.

2.2 Internal Audit Tracker

The Audit Manager reported on progress with the implementation of audit recommendations, noting that good progress had been made in completing recommendations, which the Director of Corporate Affairs re-iterated, advising that engagement with recommendations has improved.

3. Risk & Assurance

3.1 Financial waivers

The Audit Chair had reviewed two waivers and assessed that the documentation and rationale for both waivers was appropriate. The first case was associated with a consortium agreement and the second a sole available provider.

3.2 Recruitment

The Operational Director of HR reported on progress with the recommendations from the limited assurance internal audit. Additional temporary resource was allocated to recruitment and there is currently no backlog in issuing contracts or amendments to contract. To add some context on the issuing of contracts, performance had improved from 45% in April 2014 to 99% by the end of 2014, with no backlog of cases and over 1,400 campaigns (adverts) undertaken in 2014/15 with over 2,000 anticipated in 2015/16.

The audit report also identified areas of concern regarding the authority to recruit and delays in Occupational Health and DBS checks which had also been satisfactorily addressed.

Overall the improvements are welcomed, the next challenge being sustainability as the additional recruitment resource is temporary and a business case has been developed to secure the additional posts on a permanent basis. Should the additional resource not be provided there will a longer recruitment cycle and the risk of a fresh contracts backlog.

HR performance and the risks and benefits of out-sourcing the recruitment function were highlighted and the Committee advised that earlier market testing had indicated that an out-sourced provision would not have been able to deliver an equivalent service within the

available resource. The trade-off between cost and quality, with the cheapest service not always being the best option was debated and a copy of the market assessment / report indicating that the service was cheaper in house than through a third party requested.

In addition the Committee asked for the following to be considered;

- ceasing the practice of job adverts being closed early after a given number of applications was received (typically 40). This practice was not considered appropriate
- all job applicants to be acknowledge; the current practice of allowing the candidate to assume they had been unsuccessful after a given period was not considered appropriate
- patient care is our top priority and should be highlighted and evident in all job adverts

3.3 E-Rostering

The Chief Nurse advised the Committee on progress following the limited assurance audit and drew parallels with the EPR programme where implementation of E-rostering was exposing inefficiencies in existing working practices around the allocation of staff. In time the programme would support work around safe staffing and the allocation of staff to reflect the acuity and dependency of patients.

Progress was explored in detail and a significant challenge is limited programme resource, HR support to advise on the outstanding staff consultations and the reinforcement of the benefits of rostering to both the Trust and staff concerned. The Committee further discussed over and under-performing areas and was advised that ITU was using the system effectively, but less progress had been made on the Care of the Elderly wards.

The Committee suggested that focusing the programme on given areas vs. attempting a significant roll out may in the long term be a more pragmatic approach to successful implementation.

4. Local Counter Fraud Specialist (LCFS)

4.1 Local Counter Fraud Specialist Interim Report 2014/15

The LCFS introduced the Interim Report for 2014/15 and the following was highlighted;

- Declaration of Interests Policy had been approved subject to the incorporation of an anti-competition clause
- a proactive exercise had been undertaken for employees with expiring or expired work permits or visas
- NHS Protect had assessed the Trust counter-fraud arrangements, with a positive overall outcome

It was agreed that the LCFS would introduce an action tracker similar to that maintained by Internal Audit.

4.2 LCFS Annual Work Plan 2015/16

The LCFS introduced the Counter Fraud Work Plan for 2015/16. It was proposed that the following was also within the scope of the work of the LCFS;

- charitable funds
- the governance of 3Ts, including procurement processes
- the pathology Joint Venture and other partnership agreements

LCFS was also asked to ensure that areas highlighted in the Business Assurance Framework were considered when reviewing counter fraud activity.

4.3 Anti-Fraud and Corruption Policy

The LCFS introduced the revised Anti-Fraud and Corruption Policy, which had been updated to reflect the role of NHS Protect in clauses 2.1 and 3.6.

5. Governance

5.1 Annual Governance Statement (AGS)

The draft AGS was reviewed noting that significant issues had been identified in respect of performance against the four hour Accident and Emergency and Referral to Treatment (RTT) standards along with control issues concerning recruitment, e-rostering and appraisal.

The Committee discussed the draft AGS and noted the recurrence of themes from the previous year. The Committee recommended that the AGS included greater detail on the lessons learned from the RTT and Radiotherapy decant reviews.

The following was also highlighted as meriting consideration for inclusion;

- Patient Safety Ombudsman be extended to reflect the recent Francis report and the weaknesses in the Trust whistle-blowing arrangements
- The risk management structure needed to be revised to reflect the Board Quality and Risk Committee

6. Quality and Risk Committee

The Committee noted the report from the Quality and Risk Committee. Matters highlighted in the Report have been reported separately to the Board.

7. Finance and Workforce Committee

The Committee noted the report from the Finance and Workforce Committee. Matters highlighted in the Report have been reported separately to the Board.

8. Committee terms of reference and self-assessment

The Committee made some minor changes to their terms of reference and invited additional input on the Committees performance.

Recommendation to the Board

The Board is recommended to note this report.

Lewis Doyle
Chair Audit Committee
30 March 2015