Portsmouth Hospitals **NHS**

NHS Trust

TRUST BOARD PART I – SEPTEMBER 2012

Agenda Item Number: 153/12
Enclosure Number: (7)

Subject:	Audit Committee Report
Prepared by: **Sponsored by:** **Presented by:**	Alan Cole, Audit Committee Chair Alan Cole, Audit Committee Chair Alan Cole, Audit Committee Chair
Purpose of paper	To inform the Board about activity within the Audit Committee.
Key points for Trust Board members *Briefly summarise in bullet point format the main points and key issues that the Trust Board members should focus on including conclusions and proposals*	Summary of main topics from Audit Committee Annual Timetable
Options and decisions required *Clearly identify options that are to be considered and any decisions required*	Regular review and noting
Next steps / future actions: *Clearly identify what will follow the Trust Board's discussion*	Give further direction to Audit Committee if required
Consideration of legal issues (including Equality Impact Assessment)?	Yes
Consideration of Public and Patient Involvement and Communications Implications?	Yes

<u>Report from Audit Committee for 27 September 2012 Board Meeting</u>

1) Meetings of Audit Committee were held on 12th July and 12th September 2012. The next meeting is the 8th November.

2) An additional meeting of the committee was held on 30th August to carry out a self-assessment of the committee work using the HFMA 2011 Audit Committee Handbook. An action plan to address issues highlighted is being prepared. It was agreed that we would inform the Board of our meeting agenda programme for the year. It is attached to this report.

3) Three Internal Audit reports were received in this period on Medical Devices, Compliance with Hygiene Code and Complaints. All were rated as giving Substantial Assurance.

4) An External Audit report was received from the Audit Commission on Payment by Results data assurance framework. Of the five areas where particular improvements were needed two are noted below.
   a. The performance of the Trust, measured using just the clinical coding HRG error rate, is better than the national average of 9.1 per cent using the 2009/10 full year results. This year the Trust's average HRG error rate is 10.5 per cent.
   b. The Trust needs to address the standard of case notes as they are poor and present a risk to accurate coding and patient safety. Information is held in brown folders within the main folder or as loose sheets slotted into the file, often not in order. The poor condition of the notes has been raised in the last two audits.

5) In addition the following items have either been discussed or are subject to further reviews and follow up: -
   a. Patient records
   b. Clinical coding
   c. Discharge letters
   d. Progress and Statements on CIP

6) It was agreed that the regular review of CQC self-assessment could be removed from the Audit Committee agenda as a robust process had been developed and the self-assessment was reviewed at Governance and Quality Committee and the Board.

7) Reports from the Financial Controller on salary overpayments and the LCFS on Debt recovery highlights the need for managers to ensure that HR are notified promptly of employees leaving the Trust.

8) It was agreed to extend the Internal Audit Contract with Deloitte for a further two years.

9) The External Auditors will be Ernst and Young from 1st September 2012.

Audit Committee Agenda and Timetable 2012/13

Agenda Item/Issue	1 April	2 June	3 July	4 Sept	5 Nov	6 Jan	7 Mar
Governance							
Review the Assurance Framework		X	X	X	X	X	X
Review the risk management system							X
Note minutes and actions from other Governance & Quality committee		X	X	X	X	X	X
Review draft Governance Statement	X						
Review standing orders			X				
Review standing financial instructions.				X			
Review powers reserved for the Board					X		
Review scheme of delegation					X		
Review code of financial procedures					X		
Financial Focus							
Review draft annual accounts	X						
Review risks and controls around financial management							X
Review proposed changes to accounting policies							X
Review losses and special payments	X				X		
Agree write offs >£1k			X	X	X	X	X
Review salary overpays			X	X	X	X	X
Internal Audit							
Review and approve annual internal audit plan							X
Review the effectiveness of internal audit			X				
Review internal audit progress report	X	X	X	X	X	X	X
Review internal audit completed reports	X	X	X	X	X	X	X
Review annual internal audit report	X						
Review Head of Internal audit opinion	X						
Review outstanding internal audit recommendations	X	X	X	X	X	X	X
External Audit							
Agree external audit plan and fees							X
Review the effectiveness of external audit							X
Review external audit progress reports		X	X	X	X	X	X
Receive the External Auditor's report to those charged with governance		X					
Agree letter of representation		X					
Receive Annual Audit Letter			X				
Receive Annual Governance Report		X					
Receive Quality Account Governors Report			X				
Counter Fraud							
Review and approve annual counter fraud plan							X
Review counter fraud progress report		X	X	X	X	X	X
Review the effectiveness of the Local Counter fraud specialist							X
Receive counter fraud annual report		X					
Audit Committee							
Plan how to discharge Audit Committee duties						X	
Self-assess Committee's effectiveness					X		
Review Committee's terms of reference					X		
Briefing/update sessions		X	X	X	X	X	X
Produce annual Audit Committee report					X		
Opportunity for private discussions with internal and external audit	X	X	X	X	X	X	X
New item	X						