



Portsmouth Hospitals NHS Trust

Internal Audit Progress Report 2014/15

January 2015

Distribution List:

Audit Committee

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^[1] As from 1 February 2014, Mazars LLP purchased the shares of Mazars Public Sector Internal Audit Limited from Deloitte LLP. The company will be known as Mazars Public Sector Internal Audit Limited.

This report has been prepared on the basis of the limitations set out on page 9.

1. Introduction

- 1.1 This report sets out the internal audit activity against the 2014/15 Internal Audit Plan for Portsmouth Hospitals NHS Trust.

2. Progress against the 2014/15 Internal Audit Plan

- 2.1 We have now, since the last Committee meeting in November 2014, issued the following final reports which have been assigned the stated assurance levels. The definitions for each of the assurance levels are provided in Appendix III.

Asset Management	Substantial assurance
Business Continuity	Substantial assurance
Clinical Audit	Substantial assurance

- 2.2 Appendix I details the 2014/15 Audit Plan and shows the status of work to date and the number of days delivered. At the time of this report, progress against the Plan is as follows:

Number of audits in plan	24	
Number of audits finalised	9	38%
Number of audits issued at draft	1	4%
Number of audits in progress	3	13%
Number of audits with planned start dates	4	17%
Total	17	71%

- 2.4 We can report that 54% of the 2014/15 Operational Internal Audit Plan has been completed, based on the number of days delivered.

- 2.5 In addition we have issued a draft report on Safeguarding.

3. Significant Control Weaknesses

- 3.1 Based on the work we have undertaken since the last Audit Committee there are no major control issues (Priority 1 Recommendation) to be brought to the attention of the Committee.

4. Changes to the 2014/15 Internal Audit Plan

- 4.1 There are seven days that are available with possible areas being work on other CSCs following the Waiting List Management audit or to support the Trust's foundation trust application.

5. Performance of the Internal Audit Service

- 5.1 The following table details the Internal Audit service performance for the 2014/15 year to date, measured against the key performance indicators set out in the Internal Audit Quality Plan. These figures are based on the issue of one final and three draft reports.

No.	Performance indicator	Target	Actual
1.	An exit meeting to be held for each audit	100%	100%
2.	Average period between the close out meeting and issue of the draft report	15 days	11.2 days
3.	Average period between the receipt of final management responses and issue of the final report	10 days	1.2 days
4.	Average customer satisfaction score (measured by survey) – (Target – 4 or above) 5=Very good; 4=Good; 3=Satisfactory; 2=Poor; 1= Very poor	4	3.86


6. Other matters

- 6.1 The Audit Committee suggested that we seek benchmarking figures on the number of RIDDOR reports by other NHS Trusts. We have sent a request to the Health & Safety Executive as an anonymised report should be available and are awaiting a formal response. They have provided some initial information in that there were 1,686 RIDDOR non-fatality reports in 2010/11 within “Human Health Activities”. This includes all primary and secondary care.

7. Action Required



- 7.1 The Audit Committee is asked to note our progress report.


Appendix I - Progress against the 2014/15 Internal Audit Plan

No.	Audit	Timing	Days in Plan	Days Delivered *	Assurance	Recommendations			Status	Feedback received
						1	2	3		
1	Pharmacy Stocks and Stores	Q1	7	7		0	2	3	Final Issued	-
2	Estates and Facilities	Q1	8	8		1	3	0	Final Issued	4
3	Staff and Patient Safety	Q1	7	7		0	2	2	Final Issued	3
4	Ward Visits	Q1	14	14		0	6	3	Final Issued	4
5	Waiting List Management	Q1	13	13		0	3	0	Final Issued	4
6	Bank and Agency Staff	Q1 ^s	6	5					Started 11 December	
7	Asset Management	Q2	6	6		0	3	1	Final Issued	4
8	Charitable Funds	Q2	6	6		0	1	0	Final Issued	4
9	Business Continuity	Q2	9	9		0	3	2	Final Issued	4
10	Quality Accounts	Q2	7	0.5					Deferred to Q4	
11	Clinical Audit	Q2	8	8		0	2	1	Final Issued	TBC





No.	Audit	Timing	Days in Plan	Days Delivered *	Assurance	Recommendations			Status	Feedback received
						1	2	3		
12	Safeguarding (Children and Vulnerable Adults)	Q2	10	9.5					Draft 29 October	
13	Financial Reporting & Budgetary Control	Q3	8	0.5					To commence 5 January	
14	Debtors & Creditors	Q3	10	8					Started 9 December	
15	Financial Ledger	Q3	7	5					Started 15 December	
16	HR Transactional	Q3	8	0.5					To commence 5 January	
17	Capital Expenditure	Q3	7	0.5					To commence 6 January	
18	NHS Contracts & Reporting (including PbR)	Q3	8							
19	Cost Improvement Programme	Q4	7							
20	Assurance Framework and Risk Management	Q4	8							
21	CQC Compliance and Monitor Returns	Q4	7							
22	IG Toolkit	Q4	10	0.5					To commence 5 January	
23	Information Technology (as per audit catalogue)	Q4	12							
24	Follow Up		8							
	Contingency		7	1					Business Continuity	
	Planning & Liaison		10	7						
	Reporting & Meetings		10	7						
	TOTAL		228	123		1	25	12		

Appendix II - Summary of Key Recommendations in Final Reports

No.	Audit	Days in Plan	Assurance	Recommendations
7	Asset Management	6		<p>Three Priority 2 and one Priority 3 recommendations have been raised:</p> <p>Priority 2</p> <ul style="list-style-type: none"> • Staff should be reminded that they are required to fully complete the asset purchase forms and return them to the Chief Accountant promptly. • Reconciliations of the Equipment Fixed Assets Register to the General Ledger should include details of who prepared the reconciliation and the relevant date. In addition the reconciliations should be subject to independent review and should be supported by the signature and relevant date of the reviewer. • There should be independent verification within the Trust of a sample of assets to the asset register. Where gaps are identified the Trust should consider carrying out additional checks. <p>Priority 3</p> <ul style="list-style-type: none"> • The Trusts' Code of Financial Procedures should be subject to regular review and updated where relevant.
9	Business Continuity	9		<p>Three Priority 2 and two Priority 3 recommendations have been raised:</p> <p>Priority 2</p> <ul style="list-style-type: none"> • The Trust reviews the Major Incident Response Plan regularly, ensuring that the content is relevant and accurate with up to date details within. • The Trust completes all Service Level BCPs to ensure that all areas are prepared for an emergency and are aware of the processes to respond to an event. • The Trust is able to see and review the Carillion Emergency Plan. <p>Priority 3</p> <ul style="list-style-type: none"> • The Trust should review and update the Trust's Business Continuity Intranet pages to provide staff with better access to relevant guidance. • The Major Incident Planning Group Terms of Reference should be updated

No.	Audit	Days in Plan	Assurance	Recommendations
				regularly to ensure that it is relevant and reflects the responsibilities of the Group.
11	Clinical Audit	8		<p>Two Priority 2 and one Priority 3 recommendations have been raised:</p> <p>Priority 2</p> <ul style="list-style-type: none"> • The Trust's Annual Clinical Audit Plan should be subject to formal approval, ensuring that the plan has been reviewed and agreed by all relevant staff. • All actions raised as a result of a clinical audit include a specific action, a deadline for implementation, and a responsible officer. <p>Priority 3</p> <ul style="list-style-type: none"> • At least 20% of audit plans are dedicated to follow up audits as per the Trust's Clinical Audit Policy

Appendix III – Definition of Assurance Levels

 Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.		 Limited Assurance	Weaknesses in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
 Substantial Assurance	While there is a basically sound system, there are weaknesses which put some of the system objectives at risk, and / or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.		 No Assurance	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

South West

January 2015

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