

KEY MESSAGES TO THE BOARD FROM AUDIT COMMITTEE HELD ON 10th September 2014.

The key points which the Audit Committee feels it needs to bring to the Board's attention this month based on its last meeting are listed below:

1. The most important issue we need to bring to the Board's attention is our continuing concern over Fire Safety within the Trust. An Internal Audit was first undertaken in September 2013 but did not come to the Audit Committee until January 2014 because some of the findings were disputed by the then Director of Estates. The report gave Limited Assurance on fire safety. A follow up report in April 2014, despite earlier assurances from the Trust, still gave Limited Assurance with many actions promised by the Trust having missed their target dates. In a follow up to the April 2014 audit Internal Audit are still only able to give Limited Assurance. While we accept that fire safety resources have been increased and much infrastructural work has been done and is planned to be done to reduce the risk of fires being started and spreading, progress is still slow on evacuation processes in the event of a fire (fire folders, Fire Risk Assessments, fire evacuation drills and desk top exercises and evidence of training of fire wardens). Promised action dates have been consistently missed and lack of adequate fire safety measures still presents a major risk to the Trust. We urge the Executive to speed up the implementation of the recommendations of Internal Audit and those from the Fire Enforcement Notices received from the London Fire and Emergency Planning Authority and in particular those associated with evacuating patients safely in the event of a fire alarm. We recommend that the Board require monthly updates from the Director of Estates on the progress of fire safety actions against plan until the next follow up review by Internal Audit which will report in January 2015.
2. We were pleased to receive Reasonable Assurance reports on progress on the IT Portal and on Safeguarding of Children, and to hear how VTE recording (which resulted in our 2011/12 Quality Accounts being qualified) has been and will be made more robust.
3. Although Reasonable Assurance was received from an Internal Audit of Medical Locums we were concerned that once again weaknesses were identified in evidencing that local induction was undertaken. This has already been identified as a problem in agency nursing staffing and we believe it essential that the Board requests that this weakness be corrected rapidly.
4. We were pleased to see a very favourable external report undertaken by CAPITA on the Payment by Results data assurance framework. This gives yet further assurance on underlying data quality. The one area that the Board should note is the finding of inconsistent clinical engagement with reference costs across the Trust and the limited management information provided to clinicians. We were assured that the Finance Director intends to address this.
5. Internal Audit reported Limited Assurance from an audit of Central Stores. Lack of compliance with stock control processes, weakness in governance arrangements and a high error rate of recorded stock levels were all accepted by procurement and we are satisfied that steps are being taken to improve the situation and realise further benefits. We will follow up on this area in January.
6. An Internal Audit of the control of Implantable Cardioverter Defibrillators (pacemakers - which are high value stock items) in 2011/12 found significant

weaknesses. A follow up Audit found that of the 9 recommendations made at that time and followed up only 3 had been fully implemented, 3 had been partially implemented and 3 had not been implemented at all. The Service Manager (Cardiothoracic and Vascular) indicated that clinicians had been unable to reach agreement with procurement and estates on these recommendations. While no evidence of wastage/fraud or patient safety issues were found lack of adequate controls may affect the timely and accurate recording of income and expenditure, ability to minimise wastage and financial loss through fraud and most importantly may impact on patient safety. Having waited 2 years for these (agreed) recommendations to be implemented we believe it is high time that more senior levels of management resolve the issues that are blocking implementation.

7. Internal Audit presented a follow up report on Estates Maintenance which could provide only limited assurance on the delivery of planned and reactive maintenance work. However the Audit Committee was reassured by the Director of Estates who gave evidence that significant investment and systematic actions were being undertaken to mitigate risks to the system.
8. We received and discussed an analysis of the Trust's consultancy services and expenditure and learned that tighter controls over this type of expenditure will be implemented.
9. We received a very helpful and encouraging report from the Clinical Audit and Effectiveness Committee and discussed criteria for good local clinical audit.
10. As the Annual Report was still in draft we received assurances from the Trust Secretary that it would be consistent with the Annual Accounts and Quality Accounts and would not make reference to future Trust performance. We noted that Monitor requirements mean that next year the final version of the Annual Report will need to be approved by the Audit Committee *at the same time* as the Annual and Quality Accounts.
11. The Audit Committee received and discussed the largely positive Annual Audit letter from the External Auditors. We were assured by the Finance Director that all three items noted for action were being addressed.
12. The Annual Counter Fraud Report is attached and we also received a progress report on Counter Fraud. Overall assessment of crime risk is green and the Counter Fraud Officer was congratulated on doing some excellent work.
13. The Audit Committee discussed the implications on its method of working if and when the Trust acquires FT status and also some thoughts about a refresh to its agenda and planning. These will be incorporated in the planning session in January.

MSJR

11th September 2014