

EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST

REPORT TO:	BOARD OF DIRECTORS
DATE:	27 MARCH 2015
SUBJECT:	CHAIR'S REPORT: INTEGRATED AUDIT AND GOVERNANCE COMMITTEE (IAGC) MEETING OF 19 JANUARY 2015
PURPOSE:	Information

FULL CORPORATE RISK REGISTER

The Deputy Director of Risk, Governance & Patient Safety presented the full Corporate Risk Register, having previously gone through it in detail with Executive Directors, and pulled out some key points:

- a new risk concerning difficulties in recruitment of staff
- the deterioration in A&E performance
- C. Difficile targets
- the emerging ebola risk, and the delay in staff training
- a new statutory requirement related to the Duty of Candour. This placed a legal duty on the Trust to notify patients and relatives in writing when an incident resulting in moderate or severe harm or death occurs during an episode of care. The Trust's compliance rate was at 50%. Training for staff had been put in place.

After a full and open discussion, the Committee asked for the following actions:

- to reflect on comments on the use of the Corporate Risk Register as more of a risk management tool and where accountability lies.
- to review the register to bring all areas up to date.
- to break down the CQC risk into reputational risk and service delivery.
- to feedback concerns regarding release of staff for PPE training linked to Ebola.
- to review the emerging risks to determine whether sufficient mitigating actions were in place or whether to recommend inclusion on the Corporate Risk Register.
- NEDs would reflect on whether consideration be given to a group consisting of Executive and Non-Executive Directors to provide scrutiny of the Corporate Risk Register.
- to consider whether the Trust's future as a going concern needed to be considered as an emerging risk.

ANNUAL REPORT 2014/15, TO INCLUDE QUALITY REPORT PRODUCTION

The IAGC considered a report that the Trust was due to commence the process for producing the Annual Report 2014/15. Now that the IAGC met quarterly, the paper proposed that an Editorial Board be formalised to review draft reports prior to IAGC approval. The IAGC endorsed the approach as outlined in the report and approved the Terms of Reference of the Editorial Board.

2014/15 ANNUAL ACCOUNTS POLICIES

The IAGC received a report, which explained the main issues to note in the accounting policies for 2014/15. The policies had been updated following the publication of the Annual Reporting Manual for 2014/15 issued by Monitor. The IAGC noted and approved the changes.

LOSSES AND SPECIAL PAYMENTS REPORTS

A schedule of losses and special payments was presented to the Committee, which reflected the position as at 30 November 2014 and which totalled £796.9k. Significant losses included the Aseptics write off which totalled £748.0k. This had increased significantly since the previous report to IAGC and would require Board sign off. Excluding the Aseptic Suite write off, the value of losses and special payments had reduced against the same period of the previous year. The Committee noted the report, and the outcome of the Aseptic Audit would be brought to a future meeting.

SINGLE TENDER WAIVER REPORT Q1 AND Q2

The Acting Assistant Director of Strategic Procurement presented the report, which reflected the Quarter 1 and Quarter 2 position with comparisons to the previous year. There was an upward trend in the number of Single Tender Waivers; an average 30% in quantity and 300% increase by value.

The Committee discussed one-off/sole provider approvals to address operational pressures and patient choice, and the report provided a description of sole supplier arrangements. The trust was reviewing the mechanism for review of arrangements and reporting of waivers going forward.

The IAGC expressed concern about the level of STWs, particularly those authorised retrospectively, and asked for assurance the Trust was complying with EU procurement.

The Trust's Procurement function was undergoing service transformation and it was anticipated retrospective STWs would reduce to zero in the future.

The Committee noted the report and assurances received during discussion that the Trust was operating within EU legislation.

AUDITOR REPORTS

The Committee received reports from the external and internal auditors and the counter fraud specialists. Highlights to note were:

- KPMG drew attention to the amendments to the FT Annual Reporting Manual 2014/15 to strengthen elements of the audit opinion report, where the reporting entity had adopted the UK Governance Code 2012, and that this change would be incorporated into a revised Audit Plan for this year.
- Baker Tilly presented the Internal Audit Progress Report. Since the report had been issued, internal audit work on network access security had been finished and reported an amber-red rating. The main issues related to leavers and access. An action plan would follow with the next report.
- a review had been undertaken of the Board Assurance Framework; in general, risks were well described and accountability was clear with action plans in place.
- an audit was undertaken of the Trust's raising concerns/whistleblowing policy and procedure with a comparison against best practice and other Trusts. Recommendations were noted.
- the counter-fraud progress report outlined a number of minor issues, but also that fraud awareness training had been omitted from the Trust's Operational Leadership Programme and that there was no counter fraud element in the Trust's mandatory training.