

Report to the AGM of the Members' Council

For Presentation

8 September 2011

Auditor's Report on Annual Report and Annual Accounts 2010/11

Executive Summary

The Trust's Auditors (the Audit Commission) have produced two reports on the Trust's Annual Report and Accounts. Attached are:

- Annual Audit Letter
- External Assurance on the Trust's Quality Report

The Audit Commission will present both reports to the AGM.

Recommendation

The Members' Council is asked to receive the reports from the Audit Commission.

Author and Title: Justinian Habner, Trust Secretary

Date: 24 August 2011

Annual Audit Letter

Oxford Health NHS Foundation Trust

Audit 2010/11



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Traffic light explanation

Red  Amber  Green 



Key messages

This report summarises the findings from my 2010/11 audit. My audit comprises two elements:

- the audit of your financial statements; and
- my assessment of your arrangements to achieve value for money in your use of resources.

In addition I have performed an assurance review of the Trust's quality account.

I have included only significant recommendations in this report. The Trust Board has accepted these recommendations.

Audit assurance	Our findings
Unqualified audit opinion	●
Arrangements to secure value for money	●
Assurance on quality report	●

Audit opinion and financial statements

I issued an unqualified opinion on the Trust's 2010/11 financial statements on 6 June 2011.

I received good support from the Trust's finance team in carrying out my audit. I did not identify any errors that had an impact on the core financial statements. I communicated the results of my audit of the financial statements in my Annual Governance Report to the Audit Committee on 26 May 2011.

Value for money and quality reporting

My audit did not identify any matter that would indicate the Trust did not have proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

I found the Trust's annual report contained the required information and was compliant with Monitor guidance. However corporate arrangements to prepare the annual report to meet the reporting deadline require improvement. The Trust has recognised this point and has taken steps designed to improve the reporting process for next year.

I also issued an assurance report on my review of the Trust's quality report. I found the Trust had put in place arrangements to ensure its quality account was fairly stated; and in accordance with the Monitor requirements. Given the quality report forms an integral part of the annual reporting pack the production of the quality report similarly requires review to improve alignment with the annual report production.

Financial statements and statement on internal control

The Trust's financial statements and Statement on Internal Control are an important means by which the Trust accounts for its stewardship of public funds.

Overall conclusion from the audit

I issued an audit report including an unqualified opinion on the Trust's 2010/11 financial statements on 6 June 2011 and this met the Monitor deadline for reporting on your accounts.

I received good support from the Trust's finance team in carrying out my audit. I did not identify any errors that had an impact on the reported results in the core financial statements (Statement of Comprehensive Income or Statement of Financial Position). The errors related mainly to note disclosures in the financial statements. Trust management agreed and made the required adjustments in the revised financial statements.

I identified in 2009/10 that the disclosures for employees in Local Government Pension Schemes did not meet the requirements of International Accounting Standard 19. The communication with the actuary and disclosures made in 2010/11 were improved but further consideration is required to meet the reporting requirements under the standard. I presented the matters arising from my audit of the accounts in my Annual Governance Report to the Audit Committee on 25 May 2011.

Internal control

I did not identify any significant weaknesses in your internal control arrangements. The Trust is making progress in the improvement of payroll processing procedures raised in my previous annual audit letter. I also reviewed your Annual Governance Statement and concluded that it accorded with proper practice and was consistent with my knowledge of the Trust.

I did identify some less significant issues from my review of material information systems and from my audit of the financial statements. I am satisfied the Trust is taking action to make the required control improvements.

In conducting my audit I discussed with management the following technical issues and received appropriate assurances:

- the carrying amount held as assets under construction relating to the Manor House site; and
- the identification of appropriate accounting treatment for Community Health Oxford (CHO).

Recommendation

R1 Ensure the implementation of the recommendations made in my Annual Governance Report which include:

- Agreeing the accounting treatment and appropriate disclosures for those employees in local government pension schemes.
-

Value for Money

I am required to assess whether the Trust had put in place adequate arrangements for securing economy, efficiency and effectiveness the use of resources

Every NHS foundation trust has a duty to exercise its functions economically, efficiently and effectively. As auditor I am required to consider whether the Trust put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. In accordance with the Monitor Audit Code my work in this area is limited but I do take account of:

- my audit work on the Trust's Annual Governance Statement as part of the audit of the financial statements; and
- the results of the work of regulatory bodies such as the Care Quality Commission.

My review did not identify any matter that would lead me to believe the Trust did not have proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Accordingly I was able to issue an unqualified certificate at the conclusion of my audit.

In recognition of the limited scope of the auditors work on value for money, and accordance with your instructions, I developed a framework which may be used for the provision of reasonable assurance on your arrangements to secure value for money. The provision of an enhanced level of assurance would require additional investment and accordingly a cost benefit decision is required before bringing the framework into use. Indeed Members' Council, on advice of the Audit Committee, may decide the mandatory assurance work on the Quality Report now required to be undertaken under the new Monitor Audit Code does bring another dimension to the review process and accordingly mitigates the previous need for enhanced assurance on value for money.

Review of the quality report

I carried out a review to provide external assurance on your quality report.

The Quality Report is a key accountability document, incorporated within the Annual Report. Both reports are mandated by Monitor, with specific requirements which aim to help Monitor assess how effectively the Trust fulfils both its corporate and quality governance responsibilities.

My overall conclusion is that the content of the Quality Report and the Trust's approach to its preparation met required standards. However, there is a clear need to improve ownership and accountability for the preparation and submission of the Annual Report and the Quality Report. This has been recognised by the Chief Executive and an internal review of annual reporting is being undertaken and improvements made in readiness for next years reporting round.

Content of the quality report

I am required to issue an independent assurance report on the Trust's annual quality report. I have concluded the Quality Report is:

- in line with Monitor's guidance; and
- not inconsistent with the information specified by Monitor.

I issued a draft of my independent assurance report on 6 June 2011; my final auditors report was issued 29 June 2011.

Testing of performance indicators

I tested two performance indicators mandated by Monitor. These indicators are:

- admissions to inpatient services having access to crisis resolution home treatment teams; and
- Enhanced Care Programme Approach (CPA); patients receiving follow-up contact within seven days of discharge from hospital.

In addition, I tested one local performance indicator selected by the Members' Council. This was the number of completed mental health risk assessments.

My testing of these selected indicators has found that the Trust is:

- generally producing relevant and reliable data to underpin the indicators report in its quality account; and
- generally calculating the indicators according to the required definition and guidance with supporting data.

Errors identified by my testing were communicated to management and corrected prior to publication of the final Quality Report.

My review identified where the Trust has an opportunity to improve quality governance processes including the preparation of the Quality Report. I agreed with management recommendations arising from my work and there is a clear commitment to action. I will follow-up progress in 2011/12.

Recommendation

R2 Ensure the implementation of the recommendations made in my report on the Quality Account which include:

- Clarifying the accountability for producing the Annual Report and Quality Report and improving internal processes and aligning timelines to promote efficient and consistent reporting; and
 - Establish a corporate approach to data quality and performance reporting which reflects the expanded responsibilities including community healthcare.
-

Current and future challenges

The Trust is undergoing some significant organisational changes following the transfer of responsibility for community services in Oxfordshire. This change occurs at a time of structural change for the wider NHS and increased pressure on public sector financial resources. The Trust has to ensure its services continue while the new arrangements take shape. At the same time the NHS as a whole needs to make efficiency savings of some £20 billion. This is a challenging agenda and raises specific risks that I need to consider as your appointed auditor.

Integration of Community Health Oxford (CHO)

There are some key challenges facing the Trust resulting from the integration of CHO including:

- managerial and organisational – embedding the new arrangements and establishing the right culture to enable the organisation to work effectively as one;
- integrating financial and operational systems – to ensure that accurate and reliable information continues to be produced for management and the Board; and
- accounting for the merger – the accounts for 2011/12 will be presented on a merger accounting basis with restatement of the prior year comparatives.

Economic climate and financial plans for 2011/12

Managing financial performance is essential in the context of a tough economic background and delivering on planned savings targets is vital to securing financial resilience.

Trust turnover increases to £266m, due to the integration of CHO from 1 April 2011. In addition the Trust has a capital investment programme of £65m over the next three years. The main areas of investment being the Manor House and Highfield developments.

The track record of the Trust in the delivery of Cost Improvement Plans (CIP) and financial performance provides a sound basis for moving forward. However the Trust faces a challenging CIP target of £12.5m in 2011/12. In recognition of this, the Trust has strengthened the CIP governance and management framework. At month 3, £2.0m of savings have been realised, and plans are in place totalling £13.2m.

Monitor financial risk rating in 2011/12 has been reduced to a 3 in recognition of the risks facing the Trust in managing the integration of CHO but the Trust has in place plans to return the risk rating back to a 4.

Payments by Results (PbR) in mental health

Implementation of Payment by Results (PbR) for mental health is gathering pace. The DoH updated mental health bodies in June 2011 on the latest developments in PbR for working age adults and older people and on the likely for its implementation. Whilst some preparatory work will be required this year the earliest possible date for a national tariff for mental health is anticipated to be 2013/2014.

Closing remarks

I have discussed and agreed this letter with the Chief Executive and the Director of Finance. I will present the letter at the Audit Committee on 1 September 2011 in preparation for reporting to the Trust Board and Members' Council.

Further detailed findings, conclusions and recommendations in the areas covered by my audit are included in the reports issued to the Trust during the year. The key outputs from my work are summarised in the table below.

Report	Date issued
Opinion audit plan	December 2010
Annual governance report	May 2011
Auditor's report giving an opinion on the financial statements	6 June 2011
Auditor's report on the summary financial statement in the annual report	6 June 2011
External assurance on the quality report	29 June 2011
Auditor's certificate of audit completion	29 June 2011

I can confirm the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence. The final audit and assurance fees for the Trust for 2010/11 are set out in Appendix 1.

The Trust has taken a positive and constructive approach to our audit. I wish to thank the Trust directors and staff for their support and cooperation during the audit.

Phil Sharman
Engagement Lead
August 2011

Appendix 1 - Fees

	Actual £	Estimate £	Variance £
Core audit fee	63,720	60,120	3,600
Whole of Government Accounts fee	3,500	3,500	0
Total audit fees	67,220	63,620	3,600
Assurance on quality account	15,500	12,500	3,000
Non-audit work – development of a value for money assurance framework	6,000	6,000	0
Total audit and assurance	88,720	82,120	6,600

Appendix 2 - Glossary

Annual Governance Statement

Foundation trusts must provide assurance that they are appropriately managing and controlling their money, time and people. The Annual Governance Statement (AGS) (formerly the Statement on Internal Control) is an important document for communicating these assurances to Parliament and citizens.

The AGS is the means by which the Chief Executive Officer declares her approach to and responsibility for, risk management, internal control and corporate governance. It is also used to highlight weaknesses which exist in the internal control system within the organisation. It forms part of the Annual Report and Accounts.

Audit opinion

On completion of the audit of the financial statements, I must give my opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
- whether they have been prepared properly, following the relevant accounting rules.

If I agree that the financial statements give a true and fair view and that the spending and income was regular, I issue an unqualified opinion. I issue a qualified opinion if:

- I find the statements do not give a true and fair view; or
- I cannot confirm that the statements give a true and fair view; or
- I find that some spending or income was irregular.

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The Engagement Letter, issued by the Audit Commission, explains the respective responsibilities of auditors and of the audited body. Reports prepared by engagement leads are addressed to governors, members, non-executive directors, directors or officers and are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member, governor, non executive director, director or officer in their individual capacity; or
- any third party.



External assurance on the Trust's Quality Report

Oxford Health NHS Foundation Trust

Audit 2010/11

The Audit Commission is a public corporation set up in 1983 to protect the public purse.

The Commission appoints auditors to councils, NHS bodies (excluding NHS Foundation trusts), police authorities and other local public services in England, and oversees their work. The auditors we appoint are either Audit Commission employees (our in-house Audit Practice) or one of the private audit firms. Our Audit Practice also audits NHS foundation trusts under separate arrangements.

We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.

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Summary of my external assurance on your quality report

Overall conclusion

1 The Quality Report is a key accountability document, incorporated within the Annual Report. Both reports are mandated by Monitor, with specific requirements which aim to assist Monitor assess how effectively the Trust fulfils both its corporate and quality governance responsibilities.

2 My overall conclusion is that the content of the Quality Report (QR) and the Trust's approach to its preparation met required standards. However there is a clear need to improve ownership and accountability in respect of the preparation and submission of the Annual Report and the Quality Report. This has been recognised by the Chief Executive and an internal review of annual reporting processes will be undertaken by the Trust and improvements made in readiness for 2011/12.

3 In the following sections within this report, I report to you my detailed findings of my audit on the Quality Report section of the Annual Report.

Content of the quality report

4 I am required to issue an independent assurance report to the Board of Governors on the Trust's annual quality report. I have concluded the Quality Report is:

- in line with Monitor's guidance; and
- not inconsistent with the information specified by Monitor.

5 I issued a draft of my independent assurance report on 6 June 2011; my final report to the Board of Governors was issued 29 June 2011.

6 This report provides suggests some areas where the Trust has an opportunity to further improve its internal processes in respect of the preparation of the Quality Report.

Testing of performance indicators

7 I have tested two performance indicators mandated by Monitor. These indicators are:

- admissions to inpatient services having access to crisis resolution home treatment teams; and
- Enhanced Care Programme Approach (CPA); patients receiving follow-up contact within seven days of discharge from hospital.

8 In addition, I tested one local performance indicator selected by the Board of Governors. This was the number of completed mental health risk assessments.

- 9 My testing of these selected indicators has found that the Trust is:
- generally producing relevant and reliable data to underpin the indicators report in its quality account; and
 - generally calculating the indicators according to the required definition and guidance with supporting data.
- 10 I have now completed my work. Certain errors identified in my testing have been addressed in reporting the final quality account. I have agreed with management recommendations arising from my work that aim to support the Trust improve processes for 2011/12.

Background to the review

Outline of Monitor's requirements

11 The health service is facing funding constraints and change. Monitor has recognised that at such times, there needs to be continued focus on quality, and in particular, the arrangements governing quality within foundation trusts (FTs). While the Care Quality Commission assesses compliance with essential standards, the primary responsibility for maintaining and improving quality remains with foundation trust boards.

12 Following the events at Mid Staffordshire NHS Foundation Trust, Monitor reviewed its approach to assessing how effectively the board of an applicant trust ensured good governance of the quality of care provided by the trust. This led to a new framework and approval for evaluating quality governance in applicants. Through consultation, Monitor has sought to strengthen the annual reporting process for existing foundation trusts through additional requirements on quality governance for the Statement on Internal Control in the Annual Report. This includes requiring FTs to obtain external assurance on the quality reports (QRs) included in their annual reports.

13 Following a detailed evaluation of the dry run external assurance of 2009/10 QRs, in March 2011 Monitor updated its requirements for 2010/11. As outlined in the revised engagement letter in April, Monitor requires external auditors to:

- review whether the content of your QR is in line with Monitor guidance and not inconsistent with other specified information and issue a limited assurance report concluding the work; and
- test two performance indicators mandated by Monitor and one indicator selected by Governors from the QR and report findings to the Board of Directors and the Board of Governors.

My approach

14 I recognise the challenging timescale that Monitor presented your staff in completing the quality report and obtain the required external assurances. I am grateful for the co-operation provided by Trust staff to enable me to complete the review. Where possible I have highlighted to the Trust opportunities for improving the Quality Report. To assist me, I have accessed the wide knowledge base that my colleagues in the Audit Commission's Audit Practice have by being the auditor of 46 of the 137 NHS Foundation Trusts.

Detailed findings

Review of the content of your quality report

15 I reviewed your quality report against Monitor's published guidance and the sources of information it specified (see appendix 1). The table 1 below outlines my findings.

Table 1: **Overall findings from my review of your quality report**

Area of review	Findings	Recommendations
Is the Trust's QR in line with Monitor's published guidance as set out in paragraph 7.73 of the NHS FT Annual Reporting Manual (ARM) published on 31 March 2011?	<p>Complies with requirements.</p> <p>The level of historical data, benchmarking and explicit reference to data sources could be improved.</p> <p>For some of the improvement priorities, the Trust should detail whether/ how the views of patients, the wider public and staff were taken into account.</p> <p>More detail of this is in table 2 below.</p>	<p>Provide enhanced historical and benchmarked data and explicit data sources for the indicators in next year's Quality Report.</p> <p>Report how the views of patients, the wider public and staff were taken into account in selection of improvement priorities in the Quality Report.</p>
Is the QR consistent with the information sources specified by Monitor?	<p>Consistent with requirements.</p> <p>The 2010/11 annual complaints report was not finalised and approved by the Board in time to allow for a consistency check with the Quality Report. A draft complaints report was provided for this purpose.</p>	<p>Align the timetable for annual reporting of complaints with drafting of the Quality Report so that consistency between the two can be confirmed.</p>

16 Overall I concluded the Quality Report complies with Monitor's Annual Reporting Manual requirements which are set out in detail in Annex 2 to Chapter 7 Quality Report Requirements. I issued a draft of my limited assurance report to accompany the annual reporting pack on 6 June 2011. A copy of my final assurance report dated 29 June 2011 is included at Appendix 2 to this report, and should be included in the resubmission of the Annual Report incorporating the Quality Report.

17 Arrangements for ensuring compliance with Monitor's requirements could be improved as follows.

Table 2: **Improvement opportunities for content of the Quality Report**

Reference in Monitor's Annual Reporting Manual Annex 2 to Chapter 7 Quality Report Requirements	Improvement point
Part 2: Priorities for improvement and statements of assurance from the Board	<p>Detailed areas for development for the Quality Report were identified as follows.</p> <ul style="list-style-type: none"> ■ Aims, current position and actions were included, but the Report should also explain how progress is to be monitored, assessed and reported for each priority. ■ Be clearer on why some of the priorities chosen have been selected. ■ Provide information on the overall number/size of services and the number/extent of the services being reviewed. ■ Comment on whether the amount/quality of data available is/was adequate for the purposes of review. ■ Include more information about future participation in clinical audits and also improve clarity on actions agreed from some of the previous ones. <p>These areas can be developed in the next Quality Report.</p>
Part 3: Other information	<p>Data sources were given for some of the indicators and implicit for others. The Trust should be more explicit regarding the data sources in the next Quality Report.</p>

18 The Monitor guidance *Detailed Guidance for External Assurance on the Quality Reports* highlights the requirement for the Trust to publish an annual complaints report under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009. The Annual Complaints Report for 2010/11 is due to be approved by the Trust Board in July 2011. Accordingly a draft of the Complaints Report was provided for the consistency check with the Quality Report. In future years, the Trust should plan to complete the complaints report prior to or at the same time as the Quality Report to promote efficient and consistent reporting.

19 It is suggested that the timing for receipt of feedback comments be advanced to enable these to be included in the preparation of the reporting pack and in time for the audit opinion next year.

Recommendations

R1 Strengthen current, historical and benchmarking data sources in respect of improvement priorities and performance indicators.

R2 Ensure data sources are made explicit for all reported performance indicators.

R3 Align the timetable for annual reporting of complaints with drafting of the Quality Report to promote efficient and consistent reporting.

R4 Agree an appropriate timetable with stakeholders to ensure that their feedback on next year's Quality Report is received prior to the start of the audit.

Testing of performance indicators

Objective

20 The main objective of my approach to testing performance indicators is to consider whether the Trust is:

- producing relevant and reliable data to underpin the indicators report in its quality account; and
- calculating the indicators according to the required definition and guidance.

Monitor requirements

21 Monitor has stated the in its 'Detailed guidance on external assurance on quality reports 2010/11' that auditors need to:

- document the systems used to produce specified indicators;
- perform a walkthrough of the system to gain an understanding of the data collection process; and then
- test the indicators substantively back to supporting documentation to gain assurance over the six dimensions of data quality.

22 These dimensions are as follows.

- Accuracy - Does the Trust record data recorded correctly and is it in line with the methodology for calculation?
- Validity – Does the Trust produce data that complies with relevant requirements?
- Reliability – Does the Trust collect data using a stable process, consistently over time?
- Timeliness - Does the Trust capture data as close to the associated event as possible and available for use within a reasonable time period?
- Relevance - Does all data used to produce the indicator meet eligibility requirements as defined by guidance?
- Completeness – Does the Trust include all relevant information, as specified in the methodology, in the calculation?

Indicators selected for testing

23 For a mental health trust Monitor required testing of two performance indicators from the Trust's Quality Report for testing from a list of three. I agreed the following two indicators with the Trust.

- Admissions to inpatient services having access to crisis resolution home treatment teams.
- Enhanced Care Programme Approach (CPA) - patients receiving follow-up contact within seven days of discharge from hospital.

24 In addition, Governors selected the following indicator as the local performance indicator to be tested.

- Number of completed mental health risk assessments.

Findings

25 My testing of these selected indicators enabled me to conclude that the Trust is:

- generally producing relevant and reliable data to underpin the indicators report in its quality account;
- generally calculating the indicators according to the required definition and guidance; and
- provides supporting data for each performance indicator.

26 The data underpinning the measures of performance reported in the Quality Report should be robust and reliable and conform to specified data quality standards and prescribed definitions. There should be proper internal controls over the collection and reporting of performance data, including appropriate scrutiny and review.

27 The main findings from my testing are detailed below.

- 7 Day Follow Up - one summation error found in sampling, two items not entered in a timely manner and unavailable timeliness evidence for three items.
- Access To Crisis - testing revealed no errors. Four items not entered in a timely manner.

- Mental Health Risk Assessments - two calculation errors found in sampling, one item could not be traced back to source documentation and seven sample items had not been recorded in the required timescale. The audit trail report provided did not identify a unique patient identifier to track back to individual records. Also no formal documented procedures were available for recording this indicator.
- Inconsistencies with internal data - figures reported to the Board did not agree with Quality Report data for both the mandated indicators due to timing differences. Also two streams of data are collated for the local indicator which duplicate effort and requires reconciliation.

28 I have provided copies of our systems documentation to Trust staff to aid future improvement in controls and documentation for all indicators. The priorities for improvement are summarised in recommendation 4 below.

Recommendation

R5 Address issues arising from detailed testing of indicators.

- Undertake regular data quality audits and ensure that recommended actions are implemented and progress monitored.
- Ensure performance information presented in Board papers is up to date and reconciles to Quality Reporting data.
- Ensure that data is recorded within the required timeframes, and that data reporting is available for use within a reasonable time period. This should be monitored and reported to senior management.
- Improve audit trails by providing dates at which reports have been run and ensuring that sufficient information is included to track patient activity.
- Develop a standard approach to documenting processes & controls and to the storing of & reporting on performance data.

Review of process for production of the Quality Report

29 The Quality Report is a key corporate document which must be submitted to Monitor as part of the Annual Report, focusing on the arrangements governing quality within the Trust. Quality governance arrangements are now a key aspect of how Monitor assesses trusts; and the auditor assurance required in respect of the Quality Reporting will extend in 2011/12 to include the performance indicators.

30 The Trust has arrangements in place to produce the Quality Report but in my view, these arrangements are not proving effective. There is a clear need to improve ownership and accountability in respect of the preparation and submission of the Annual Report and the Quality Report. A production plan is also required to ensure that these key governance documents are fully compliant with Monitor's requirements; that all constituent parts have been approved at Board and they are produced to agreed standards and timescales.

31 These production issues have been recognised by the Chief Executive and an internal review of annual reporting processes will be undertaken and improvements made in readiness for 2011/12.

32 The Statement of Directors' Responsibilities requires Directors to provide assurance that proper procedures have been established for the collection and reporting on measure of performance included in the Quality Report. A report to the Trust Board summarising how the Trust complies with Monitor's requirements would support the Directors' in their view that there is a controls framework underpinning quality performance measures.

33 I revisited my dry-run assurance report issued in July 2010 in respect of the 2009/10 Quality Report, which contained an action plan for improvement. I found that the Trust has made good progress towards implementing the agreed recommendations. In particular I noted that:

- quality reporting updates are now presented to the Trust Board through the year;
- data quality reports are now more widely circulated within the Trust;
- quarterly audits were introduced to review non breaches; and
- database specifications were agreed.

34 However, the following actions have yet to be fully addressed and therefore should be followed-up by management.

- Monthly performance reporting is not fully aligned with Board reporting.
- Systems reviews did not cover the full year and findings were not reviewed and acted upon.
- Internal reviews by senior management are not always evidenced.
- Midnight returns cross checks are no longer available since the RIO system was introduced in January 2011.

35 The Trust assumed responsibility for the provision of Oxfordshire community health services with effect from April 2011. The Trust should now set a corporate approach to data quality across the expanded functions of the organisation, including a review of data policies, processes and controls to ensure fit for purpose.

Recommendations

R6 Accountability for the production of the Quality Report (and the Annual Report) should be clarified and internal processes improved.

R7 Provide assurance to the Trust Board that the Quality Report complies with relevant guidance and that processes for the collection and reporting of performance measures are in place.

Recommendations

- R8** Ensure all agreed actions from 2009/10 audit are fully implemented.
- Monthly performance reporting should be fully aligned with Board reporting.
 - Systems reviews should cover the full year and findings should be reviewed and actioned.
 - Internal reviews by senior management or audit should be evidenced.
- R9** Establish a corporate approach to data quality: update data quality policies, processes and controls to reflect the expanded health service responsibilities and reporting requirements.
-

Appendix 1 Information specified by Monitor on the content of the quality report

- Board minutes for the 2010/11 financial year and up to the date of signing the opinion (the period).
- Papers relating to the QR reported to the Board over the period.
- Feedback from commissioners.
- Feedback from governors.
- Feedback from Local Involvement Networks (LINKs).
- The Trust's complaints report published under Regulation 18 of the Local Authority, Social Services and NHS Complaints (England) Regulations 2009.
- Latest national patient survey.
- Latest national staff survey.
- The Head of Internal Audit's annual opinion over the trust's control environment.
- Care Quality Commission quality and risk profiles.

Appendix 2 Limited assurance report on the quality report

Independent Assurance Report to the Members Council (Board of Governors) of Oxford Health NHS Foundation Trust on the Annual Quality Report

I have been engaged by the Board of Governors of Oxford Health NHS Foundation Trust to perform an independent assurance engagement in respect of the content of Oxford Health NHS Foundation Trust's Quality Report for the year ended 31 March 2011 (the 'Quality Report').

Scope and subject matter

I read the Quality Report and considered whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual, and consider the implications for my report if I become aware of any material omissions.

Respective responsibilities of the Directors and auditor

The Directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the NHS Foundation Trust Annual Reporting Manual 2010/11 issued by the Independent Regulator of NHS Foundation Trusts ('Monitor').

My responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to my attention that causes me to believe that the content of the Quality Report is not in accordance with the NHS Foundation Trust Annual Reporting Manual or is inconsistent with the documents.

I read the other information contained in the Quality Report and considered whether it is materially inconsistent with:

- Board minutes for the period April 2010 to April 2011;
- papers relating to Quality reported to the Board over the period April 2010 to April 2011;
- feedback from Commissioners dated 2 June 2011;
- feedback from Governors dated 10 May 2011;
- feedback from LINKs dated 3 June 2011;
- the Trust's complaints report due to be published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, draft dated 9 May 2011;
- the 2010 national patient survey;
- the 2010 national staff survey;

- the Head of Internal Audit's annual opinion over the Trust's control environment dated 12 April 2011; and
- Care Quality Commission quality and risk profiles dated March 2011.

I considered the implications for my report if I became aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). My responsibilities do not extend to any other information.

This report, including the conclusion, has been prepared solely for the Board of Governors of Oxford Health NHS Foundation Trust as a body, to assist the Board of Governors in reporting Oxford Health NHS Foundation Trust's quality agenda, performance and activities. I permit the disclosure of this report within the Annual Report for the year ended 31 March 2011, to enable the Board of Governors to demonstrate it has discharged its governance responsibilities by commissioning an independent assurance report in connection with the Quality Report. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Board of Governors as a body and Oxford Health NHS Foundation Trust for my work or this report save where terms are expressly agreed and with my prior consent in writing.

Assurance work performed

I conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). My limited assurance procedures included:

- making enquiries of management;
- comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and
- reading the documents as listed above.

A limited assurance engagement is less in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

It is important to read the Quality Report in the context of the criteria set out in the NHS Foundation Trust Annual Reporting Manual.

Conclusion

Based on the results of my procedures, nothing has come to my attention that causes me to believe that, for the year ended 31 March 2011, the content of the Quality Report is not in accordance with the NHS Foundation Trust Annual Reporting Manual.

Phil Sharman
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29 June 2011

Appendix 3 Action plan

Recommendations	
Recommendation 1	
Strengthen current, historical and benchmarking data sources in respect of improvement priorities and performance indicators.	
Responsibility	Ros Alstead
Priority	Medium
Date	April 2012
Comments	None
Recommendation 2	
Ensure data sources are made explicit for all reported performance indicators.	
Responsibility	Ros Alstead
Priority	Medium
Date	April 2012
Comments	None
Recommendation 3	
Align the timetable for annual reporting of complaints with drafting of the Quality Report to promote efficient and consistent reporting.	
Responsibility	Caroline Birch
Priority	Low
Date	April 2012
Comments	None
Recommendation 4	
Agree an appropriate timetable with stakeholders to ensure that their feedback on next year's Quality Report is received prior to the start of the audit.	
Responsibility	Ros Alstead
Priority	Medium
Date	December 2011
Comments	Review timescales for development.

Recommendation 5

Address issues arising from detailed testing of indicators.

- Undertake regular data quality audits and ensure that recommended actions are implemented and progress monitored.
- Ensure performance information presented in Board papers is up to date and reconciles to Quality Reporting data.
- Ensure that data is recorded within the required timeframes, and that data reporting is available for use within a reasonable time period. This should be monitored and reported to senior management.
- Improve audit trails by providing dates at which reports have been run and ensuring that sufficient information is included to track patient activity.
- Develop a standard approach to documenting processes and controls and to the storing of and reporting on performance data.

Responsibility	Stephen Cass
Priority	High
Date	November 2011
Comments	Plan in place by end August 2011.

Recommendation 6

Accountability for the production of the Quality Report (and the Annual Report) should be clarified and internal processes improved.

Responsibility	Julie Waldron
Priority	Low
Date	April 2012
Comments	Accountability is presently clear – Nurse Director does the Quality Account and the Director of HR is now responsible for the Annual Report which is produced by the Communication Team.

Recommendation 7

Provide assurance to the Trust Board that the Quality Report complies with relevant guidance and that processes for the collection and reporting of performance measures are in place.

Responsibility	Ros Alstead
Priority	High
Date	Ongoing.
Comments	Ongoing.

Recommendation 8

Ensure all agreed actions from 2009/10 audit are fully implemented.

- Monthly performance reporting should be fully aligned with Board reporting.
- Systems reviews should cover the full year and findings should be reviewed and actioned.
- Internal reviews by senior management or audit should be evidenced.

Responsibility	Stephen Cass
Priority	High
Date	November 2011
Comments	None

Recommendation 9

Establish a corporate approach to data quality: update data quality policies, processes and controls to reflect the expanded health service responsibilities and reporting requirements.

Responsibility	Stephen Cass
Priority	High
Date	December 2011
Comments	None.

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