

Minutes of Audit Committee

24 September 2018

4 February 2019

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Agenda Item No: 12.11

Minutes of the Audit Committee

Date Monday, 24 September 2018
Venue Conference Room, Hollybush House
Time 9.30 am

Present:

<u>Name</u>	<u>Role</u>
Mrs Mary Martin	Non-Executive Director (Acting Chair)
Mrs Rosi Edwards	Non-Executive Director

In Attendance:

<u>Name</u>	<u>Role</u>
Mr Kevin Stringer	Chief Financial Officer
Mrs Helen Troalen	Deputy Chief Financial Officer
Mr A Smith	Grant Thornton – Internal Audit
Mr M Stocks	Grant Thornton
Ms Sarah Kabirat	Grant Thornton – Counter Fraud
Mr David Sharif	KPMG – External Audit
Mr Keith Wilshere	Company Secretary (part)
Mrs Anne-Louise Stirling	Personal Assistant to the Chief Financial Officer (minute taker)
Mr R Jones	Deputy Security Manager (part)
Dr B McKaig	Deputy Medical Director (part)

Item No		Action
49/2018	<u>Apologies for Absence</u> Mr R Dunshea (Chair), Mr P Smith, Mr S Pooni	
50/2018	<u>Minutes of the Previous Meeting</u> The minutes of the Audit Committee meeting held on the 25 May 2018, were reviewed and approved.	
51/2018	<u>Matters Arising</u> <u>Update on Consultant Job Planning</u> At the request of the committee Dr McKaig was in attendance to provide an update on progress to date in relation to Consultant Job Planning.	

	<p>Dr McKaig advised members of the committee that despite engagement with fellow medical staff being challenging at times, he was pleased to report that there was now a higher conformity with job planning in the organisation and that meetings with all the Directorates had now been actioned.</p> <p>Members noted that 43% of consultants now had a job plan in date. The remaining percentage of staff had job plans that were out of date by a period of 3 months.</p> <p>Dr McKaig advised that a Business case was being presented to the Board meeting on the 1 October 2018, for a new 'Medical e-Job Planning' system as there was low confidence in the current system in use. However, it had since come to light that there was a prospective new supplier for this system and that the Business Case might be withdrawn pending receiving an offer from the alternative provider.</p> <p>R Edwards enquired if there were adequate resources available for the implementation of the job planning process. Dr McKaig advised that his own time and the staffing available were sufficient and they were currently out to advert to recruit another member of staff. He confirmed that HR support was provided by the Senior HR Manager - Resourcing.</p> <p>M Martin advised that this issue had originally arisen from the Internal Audit review on Consultant Job Planning completed by Grant Thornton. A Smith advised that many of the issues the Trust was facing were similar to those in other neighbouring Trusts the main one being to get consultant staff fully engaged and holding staff to account for not engaging in the process. Dr McKaig agreed but, advised that it was important not to lose the goodwill of the individual.</p> <p>M Martin advised that the key players in the process would be the Clinical Directors. Dr McKaig concurred that he had asked that job planning be part of the Divisional discussion, but needed to meet with the Clinical Directors on a monthly basis. He advised that he would be discussing this matter further with the Medical Director.</p> <p>M Martin advised that she would discuss this matter with the Chair of the committee, in order to agree a timescale for the next progress update to be provided to the committee in approximately 2/3 months.</p> <p>RESOLVED: Members thanked Dr McKaig for attending the meeting and giving a comprehensive update on the progression of Consultant Job Planning in the organisation.</p>	<p>M Martin/ Chair</p>
<p>52/2018</p>	<p><u>Audit Committee Action Points</u></p> <p>The committee reviewed the list of Action Points and agreed upon, which items had been actioned and could be deemed closed.</p>	
<p>53/2018</p>	<p><u>Declaration of Interest</u></p> <p>No interests were declared at this meeting.</p>	

54/2018	<p><u>Quality Governance Assurance Committee (QGAC)</u></p> <p>R Edwards updated members on areas of interest following the last QGAC meeting.</p> <p>She said that evaluation of the new meeting structure (QSIG and COG) had been undertaken. QSIG (Quality and Safety Intelligence Group) had asked divisions for feedback. It was felt that a three month review was too early. However, the information stream between QSIG and TMC would be reviewed to reduce duplication by the Divisions.</p> <p>Mortality had been discussed as a new BAF risk and it had been agreed that this should be presented to the Board meeting on Monday, 1 October 2018. It was noted it would need to be reviewed and updated where appropriate to ensure that it was linked to all the actions outlined in the Mortality Report.</p> <p>A self-assessment review had been undertaken of the committee’s performance. The secretary was collating all the questionnaires and would be pulling together a report of the findings, which would be shared with the committee.</p> <p>Members thanked R Edwards for the update on issues of note arising from the business of the QGAC meeting.</p>	
55/2018	<p><u>Finance and Performance Committee (F&PC)</u></p> <p>M Martin updated members on areas of interest following the last F&PC meeting on the 19 September 2018.</p> <p>She advised that a couple of new risk areas were emerging as follows: -</p> <ul style="list-style-type: none"> • National Pay Award – it was noted that the pay award was greater than the funding available; £600k recurrent gap in a full year. Next year’s pay award was still under discussion as to how it would be funded. • Pathology Services – RWT running the service on behalf of the Black Country Consortium with staff being TUPE’d over on the 1 October 2018 from three other Trusts. The Trust will be due monthly payments from the other three Trusts for their share of the expenses including salaries. The three Trusts are all in challenged financial circumstances so RWT needs to be vigilant to ensure the monthly payments are received. The Trust has submitted the required business case for capital funding and is currently working through the questions/comments raised. <p>The next scheduled meeting of the F&PC was the 24 October 2018.</p> <p>Members thanked M Martin for the update on issues of note arising from the business of the F&PC meeting.</p>	
56/2018	<p><u>Trust Management Committee (TMC)</u></p> <p>K Stringer provided a brief update on areas of interest following the last TMC meeting on the 21 September 2018.</p> <p>He advised that the following areas of note had been discussed:-</p>	

	<ul style="list-style-type: none"> • Mortality – a full discussion lead by the Chief Executive had been held with the committee • Performance Areas – a discussion had been had with regard to the pressure on Cancer services. <p>Members thanked K Stringer for the update on issues of note arising from the business of the TMC meeting.</p>	
57/2018	<p><u>Board Assurance Framework (BAF)</u></p> <p>K Wilshere presented the BAF report to members of the committee.</p> <p>K Wilshere briefed the committee on the continued work to review and refresh the BAF and advised that the format was now more operational and in an easier format to read.</p> <p>Referring to ‘SR12 Mortality’ it was noted by members that the rising SHMI could damage the Trust’s reputation with not only patients and visitors, but also external agencies. M Martin advised that there were a number of elements to this particular risk eg, the recording by the patient’s consultant in the case notes, which would then define the coding thereafter.</p> <p>M Martin advised that the Trust needed assurance that the coding was being done correctly, in order that the information being reviewed was in fact correct. K Stringer reported that the Trust had engaged an independent advisor to look at the coding position, in order to check the clinical documentation and compare it to the coded spell.</p> <p>M Martin asked if a programme of work had been identified. K Wilshere advised that an action plan would be put in place, which would be monitored by QGAC. In addition, mortality would be a regular agenda item for the Board, however, it was noted that a discussion was needed on the frequency. K Stringer confirmed that following a well led review by CQC they were assured by the mortality issues here at the Trust and had no issues with care at the time of the review. He advised that they considered that the Trust was doing everything possible on this matter.</p> <p>Referring to the categorisation matrix to include the scoring, M Martin advised that CIP continued to be one of the key risks for F&PC and had remained on a risk score factor of 20 for some considerable time now. Following discussion it was agreed that the target levels needed to be looked at and agreement reached as to whether the current scoring was both realistic and achievable at the current level. Both K Wilshere and K Stringer agreed to undertake a review of SR9 and SR11.</p> <p>K Wilshere advised that he would welcome any further discussion/comment on how the BAF could be improved/refreshed to make the document more user friendly and less of an administrative burden.</p> <p>RESOLVED: The committee thanked K Wilshere for the update on the BAF.</p>	K Wilshere/ K Stringer

58/2018

Internal Audit – Grant Thornton

Internal Audit Progress Report

A Smith presented the Progress Report to members of the committee updating them on progress against the 2018/19 Internal Audit Plan.

Members noted that one internal audit report had been finalised since the last meeting of the committee, namely:-

- Freedom to Speak Up (Whistleblowing) – with an overall rating of "significant assurance"

A Smith confirmed that the draft Theatre Productivity report had been issued to management for comment and that draft reports in relation to Financial Sustainability and Cannock Business Cases were also being prepared. Members noted that the Quarter 3 work would include audits of Capital Planning; Safe Staffing and Financial Controls.

A Smith drew members attention to the change in the Internal Audit Plan reflected on page 2. He advised that with agreement of K Stringer and the Chair of the committee the Risk Management audit had been rescheduled to take place in Quarter 3 and would now include a review of the Governance structure in particular focusing on capacity and effectiveness.

The remainder of the report from *page 4 ‘Sector Update’* onwards was noted as being for information purposes only.

RESOLVED: The committee noted the detail in the Internal Audit Progress Report.

Recommendation Tracker Report

A Smith presented the Recommendation Tracker report to committee members providing an overview of recommendations that were due for implementation.

It was noted that there were 27 outstanding recommendations the detail of which was illustrated on page 2 of the report. Two of the recommendations did pertain to Consultant Job Planning. A Smith advised members that some of the older outstanding recommendations did pre-date Grant Thornton being in post as the Trust’s Internal Auditors.

M Martin advised that any old recommendations with an implementation date pertaining to 2017 the committee would require the responsible manager to attend the December meeting of the committee to provide assurance/explanation as to the delay in implementing the recommendation. K Stringer agreed to discuss this issue with his Executive Director colleagues on the proposed action going forward. M Stocks concurred that this was a positive step in ensuring that managers were held to account.

Members of the committee advised that only the ‘medium and high’ recommendations were required to be added to the 4action Tracker Database and not the ‘low’ recommendations.

A Smith
K Stringer

	<p>RESOLVED: The committee noted the detail of the Recommendation Tracker report and resolved that any outstanding recommendations that were six months past their implementation date that the responsible manager would be asked to attend a future meeting of the committee.</p> <p><u>Freedom to Speak Up (FTSU) Internal Audit Report</u></p> <p>A Smith presented the findings of the Internal Audit review of the FTSU procedures in place at the Trust and advised that the audit had been a positive one.</p> <p>He confirmed that the Trust had revisited its FTSU policy in March 2018 to ensure it was consistent and appropriate. The audit findings were that there was a significant level of assurance with no formal ‘medium or high’ recommendations being raised. Five recommendations to reflect best practice were suggested.</p> <p>RESOLVED: Members noted the positive Internal Audit Report on FTSU.</p>	
59/2018	<p><u>Counter Fraud – Grant Thornton</u></p> <p><u>Counter Fraud Draft Workplan 2018/19</u></p> <p>S Kabirat presented the 2018/19 draft Counter Fraud Workplan to members of the committee for final approval. It was noted by members that the draft workplan was originally presented at the May meeting of the committee, but members had requested certain changes to be made and was, therefore, being presented for final approval.</p> <p>S Kabirat advised that work continued to build on the work completed in 2017/18 focusing on the four main areas of Counter Fraud work namely – ‘Strategic Governance’, ‘Hold to Account’ and with particular emphasis on ‘Inform and Involve’ and ‘Prevent and Deter’ .</p> <p>Members noted the detail on page 10 onwards of the workplan with regard to the number of days allocated to each task and the proposed delivery quarter. It was noted that these days were flexible and could either increase or decrease depending on the number and complexity of the investigation being undertaken. M Stocks assured the committee that the report and the allocation of days had been agreed with K Stringer prior to being finalised. He further explained that additional days could be added if required to the plan or additional staff from the national team brought in if it became necessary.</p> <p>M Martin expressed concern regarding the slow assurance provided to the committee in relation to the GP investigation. M Stocks acknowledged that this particular investigation had been a difficult one, but nevertheless could have been completed sooner and advised that going forward lessons had been learnt.</p> <p>RESOLVED: The committee approved the draft Anti-Fraud Workplan for 2018/19.</p> <p><u>Counter Fraud Progress Report</u></p> <p>S Kabirat presented the Counter Fraud Progress Report to members of the committee. The report detailed the counter fraud work carried out at the Trust since the 1 April 2018.</p> <p>Referring to page 4 of the report S Kabirat highlighted the seven current fraud risks facing the Trust and their current risk position. These were noted as being: –</p>	

	<ol style="list-style-type: none"> 1 Payroll fraud 2 Working whilst sick 3 Mandate fraud 4 Cyber fraud 5 Pre-Employment checks 6 Charity fraud 7 Organisational change <p>It was acknowledged that Payroll was potentially the most significant risk presenting for the Trust.</p> <p>Members noted that in relation to 'Referral – Investigations (Appendix 2)', the case of the GP fraud raised back in September 2017 was now nearing completion. The case was currently being prepared to be presented to the CPS for advice as to whether it should be taken forward as a criminal case. M Stocks assured members that the outcome will be reported to K Stringer as soon as possible.</p> <p>RESOLVED: The committee noted the detail in the Counter Fraud Progress Report.</p>	
60/2018	<p><u>External Audit – KPMG</u></p> <p><u>Progress Report</u></p> <p>D Sharif presented the Progress Report to members of the committee providing a summary of work undertaken since July together with planned work over the next quarter.</p> <p>D Sharif advised members that a post audit debrief meeting on the Annual Accounts 2017/18 had been arranged with the finance team for the 27 September 2018.</p> <p>Members noted that planning arrangements had commenced for 2018/19 and that the External Audit Plan would be presented to the December meeting of the committee.</p> <p>With regard to the detail in 'Appendix A – Benchmarking Report Quarter 1', attention was drawn to 'page 8 chart 11 - Compliance with Better Payment Practice Code'. This detail portrayed the Trust as being at the low end for PSPP compliance. K Stringer queried this data and asked whether the benchmarking information did include Acute Trusts. D Sharif confirmed that the data was a mix of both Mental Health and Acute Trusts. Following discussion it was concluded by members that in view of the cash being loaned to Acute Trusts on the condition that creditors were extended to 90 days this data appeared unrealistic. D Sharif agreed to recheck the data and report back to the committee for assurance purposes.</p> <p>Members noted the detail presented at 'Appendix B – Technical Update'.</p> <p>RESOLVED: The committee noted the detail in the progress report.</p>	D Sharif
61/2018	<p><u>Annual Audit Letter</u></p> <p>Members of the Committee noted the Charitable Funds Annual Audit Letter presented for information purposes.</p>	

62/2018	<p><u>Charitable Funds ISA 260</u></p> <p>Members of the Committee noted the Charitable Funds ISA 260 presented for information purposes.</p>	
63/2018	<p><u>Charitable Funds Annual Report and Accounts 2017/18</u></p> <p>Members of the Committee noted and approved the Charitable Funds Annual Report and Accounts 2017/18. It was acknowledged that they had been presented to the Charities Committee on the 13 August 2018.</p> <p>RESOLVED: The committee approved the Annual Report and Accounts.</p>	
64/2018	<p><u>Losses and Compensation Payments</u></p> <p>H Troalen presented the report on Losses and Special Payments for the period 1 April 2018 to 31 July 2018.</p> <p>The committee noted and approved the following:-</p> <ul style="list-style-type: none"> • the total losses and special payments in the period of £44,352.14 (28 new cases plus 1 existing case) • the losses and special payments authorised within Officers’ delegated limits in the period from 1 April 2018 to 31 July 2018, the Deputy Chief Financial Officer authorised £6,549.14 (20 cases) of losses and special payments under delegated powers • the losses and special payments authorised outside Officers’ delegated powers which were approved on 25 May 2018 by the committee £16,795.00 (3 new cases) • the personal injury claims of £21,008.00 (5 new cases plus 1 existing case) • the total for the 2018/19 year of £44,352.14 (28 new cases plus 1 existing case) • The write off of losses and special payments of £82,782.53 (7 cases) outside the Officers’ delegated limits in the period 16 May to 15 September 2018. This will be reported within the Audit Committee paper to be presented at the December meeting for the period 1 August to 31 October 2018 <p>Members queried what action was being taken with regard to the discrepancy in the café tills of £4,261.37 during the reported period. H Troalen advised that she would speak with the Divisional Manager – Estates and Facilities as there may be an issue and to investigate the matter further. H Troalen advised that she would brief members on the outcome of the investigation before the next meeting.</p> <p>RESOLVED: Members of the Committee approved the detail in the Losses and Special Payments report and approved write off of debt and other loss, outside Officers’ delegated limits. It was noted that this detail would now be presented to the October meeting of the Trust Board for final approval.</p>	H Troalen

65/2018	<p><u>Security Report</u> The committee noted the detail of the Security Progress Report.</p> <p>R Jones joined the meeting and introduced the highlights from the report including the 'Maternity security upgrade' and 'security work at Cannock Chase Hospital'. Members noted the summary of information with regard to damage to property and theft, incidents of violence or abuse and acknowledged there was no particular pattern emerging.</p> <p>M Martin raised the issue of staff safety in relation to violent patients and enquired what procedures were in place to ensure that staff worked in a safe environment. R Jones advised that the process would be that a risk assessment would be undertaken and following this if it were deemed necessary a member of the security team would be posted to any patient who posed as a threat to staff.</p> <p>RESOLVED: The committee noted the quarterly progress report on security issues within the Trust.</p>	
66/2018	<p><u>Audit Committee Workplan 2018</u> Members of the committee reviewed and noted the workplan for 2018.</p> <p>It was agreed that an addition to the workplan should be made following the discussion earlier in the meeting with regard to the Recommendation Tracker Report. An action should be added that managers with outstanding recommendations would be asked to attend a meeting of the committee to explain the delay in implementing their assigned action after six months.</p>	A L Stirling
67/2018	<p><u>Provisional Audit Committee Dates 2019</u> Members noted the proposed timetable for meeting dates of the committee for 2019. In the absence of the Chair the dates are to be presented to the December meeting for final approval.</p>	
68/2018	<p><u>Any Other Business</u> No additional business was raised.</p>	
69/2018	<p><u>Date and Time of Next Meeting</u> Thursday, 6 December 2018 at 9.30 am in the Conference Room, Hollybush House</p>	