

Minutes of the Audit Committee of 6 December 2018 4 March 2019

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Agenda Item No: 12.11

Minutes of the Audit Committee

Date Thursday, 6 December 2018
Venue Conference Room, Hollybush House
Time 9.30 am

Present:

| <u>Name</u> | <u>Role</u> |
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| Mr Roger Dunshea | Non-Executive Director (Chair) |
| Mrs Mary Martin | Non-Executive Director |

In Attendance:

| <u>Name</u> | <u>Role</u> |
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| Mr Kevin Stringer | Chief Financial Officer |
| Mr A Smith | Grant Thornton – Internal Audit |
| Mr M Stocks | Grant Thornton |
| Ms E Mayne | Grant Thornton - Internal Audit |
| Mr S Pooni | Grant Thornton – Counter Fraud |
| Ms Sarah Kabirat | Grant Thornton – Counter Fraud |
| Mr Andrew Bostock | KPMG – External Audit |
| Ms B Everett | KPMG – External Audit |
| Mr Keith Wilshere | Company Secretary |
| Mrs Anne-Louise Stirling | Personal Assistant to the Chief Financial Officer (minute taker) |
| Ms S Allan (part) | Human Resources Department |
| Ms P Haydon (part) | Pharmacy Department |

| Item No | | Action |
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| 70/2018 | <p><u>Apologies for Absence</u> Ms R Edwards, Mr P Smith and Mrs H Troalen</p> | |
| 71/2018 | <p><u>Minutes of the Previous Meeting</u> The minutes of the Audit Committee meeting held on the 24 September 2018, were reviewed and approved as a correct record.</p> | |

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| 72/2018 | <p><u>Matters Arising</u></p> <p>M Martin expressed her concern at the late circulation of the Internal Audit Report – Review of Capital Investment Business Cases – Cannock Chase Hospital. The Chair concurred that this report would not be considered and/or reviewed at today’s meeting due to its late distribution.</p> <p>The Chair confirmed that with regard to overdue/partially completed Internal Audit Recommendations as discussed at the September meeting that Sarah Allan (HR) had been asked to attend regarding Waiting List Initiatives and Paula Haydon (Pharmacy) had been asked to attend regarding Data Quality - Patient Harm Free Care - Pharmacy to provide members with a progress statement.</p> | |
| 72.1 | <p><u>Waiting List Initiatives</u></p> <p>S Allan addressed the committee regarding the Internal Audit Report – Waiting List Initiatives and the late implementation of the recommendations arising from the audit.</p> <p>S Allan advised members that the Trust had no policy at present to cover waiting list initiative payments and as such a policy had been drafted and would be presented for discussion and agreement at the LNC (Local Negotiating Committee) meeting on the 14 December 2018. Following this meeting and LNC approval the policy will then be submitted to the Policy Group for validation and then on to TMC (Trust Management Committee) for final sign off. Members of the committee expressed their concern at the further delay in getting the policy approved due to the lengthy process for review and approval. K Wilshere suggested that by splitting the policy and the level of detail, for example, by having the rates as a procedure rather than in the body of the policy this would enable approval to be quicker. S Allan agreed to contact the Policy Officer for help in this regard.</p> <p>RESOLVED: S Allan agreed to speak to the Director of Workforce regarding the policy being split and having the rates as a procedure with the confirmation of LNC.</p> | <p>S Allan</p> <p>S Allan</p> |
| 72.2 | <p><u>Data Quality - Patient Harm Free Care - Pharmacy</u></p> <p>P Haydon addressed committee members regarding the two outstanding recommendations pertaining to ‘standard operating procedures (SOP) for medication incidents’ and the reporting requirements of ‘medication incidents/errors on to Datix’.</p> <p>She advised that work was progressing well with regard to the SOPs and the standardisation of reporting data on Datix. The SOPs, however, would now require further update to reflect the changes made in Datix, which have enabled faster identification of medication incident trends by increasing the medication categories to 10. In addition, a live dashboard had been introduced to Datix. It was noted that in view of the ongoing work the revised deadlines for final approval by the Medicines Management Group would be May 2019.</p> <p>She advised that policy MP04 – Management of Medication Errors was currently under review, which would impact on policy OP10 – Risk Management and Patient Safety. It was noted that once the policy had been updated further SOPs may need to be drafted. Members noted the progress to date and acknowledged that work was on going, but emphasised the need for dates set to be realistic.</p> | |

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| | <p>The Chair concurred that it would be helpful to receive an update on progress at the next meeting of the committee to review the revised dates for completion of these recommendations.</p> <p>RESOLVED: P Haydon to attend the February meeting of the committee for a progress update</p> | P Haydon |
| 73/2018 | <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> | |
| 74/2018 | <p><u>Declaration of Interest</u></p> <p>No interests were declared at this meeting.</p> | |
| 75/2018 | <p><u>Quality Governance Assurance Committee (QGAC)</u></p> <p>In the absence of R Edwards there was no update available on areas of interest arising from the last QGAC meeting.</p> | |
| 76/2018 | <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 21 November 2018. She advised that one emerging risk for next year was the change in procurement through the National Procurement Framework and an introduction of a flat fee for Trusts. As yet there was no real clear picture of costs and a lack of detail to ascertain whether there would be any guarantee of savings for the Trust.</p> <p>Members thanked M Martin for the update on issues of note arising from the business of the F&PC meeting.</p> | |
| 77/2018 | <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 23 November 2018.</p> <p>He advised that the following areas of note had been discussed:-</p> <ul style="list-style-type: none"> • The Chief Executive had reordered the priority of agenda items to facilitate an upfront discussion of Trustwide issues and the introduction of innovative practices • A presentation was received from Hillrom Bed System • A presentation on the Smoke Free System Plan for the hospital site • Proposal for the creation of a Trust Chain/Alliance • Continuous Quality Improvement Programme • No new risks were raised <p>The Chair asked if the new agenda format was considered a potential risk. K Stringer advised that his considered view was that it was not as long as exception reporting was well embedded. K Wilshire confirmed that there would be random testing of business as usual.</p> | |

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| | <p>Members thanked K Stringer for the update on issues of note arising from the business of the TMC meeting.</p> | |
| 78/2018 | <p><u>Board Assurance Framework (BAF)</u></p> <p>K Wilshere presented the BAF report to members of the committee.</p> <p>K Wilshere advised members that the detail in the ‘summary brief’ confirmed that all of the changes had now been agreed and a number of revisions made. He confirmed that identified risks had been discussed with the relevant Director and that regular updates from the responsible Director would be monitored. Members noted the next planned set of revisions would be in relation to any gaps in controls.</p> <p>K Wilshere advised members that with regard to ‘SR12 Mortality Rates’ that the description was not factually correct and that the Medical Director would be reviewing the text and amending.</p> <p>M Martin advised that she was pleased with the revisions made and welcomed the refresh of the BAF.</p> <p>RESOLVED: The committee thanked K Wilshere for the update on the BAF.</p> | |
| 79/2018 | <p><u>Internal Audit & Counter Fraud – Grant Thornton</u></p> <p>A Smith apologised to members of the committee for the late circulation of Internal Audit Report – Review of Capital Investment Business Cases – Cannock Chase Hospital.</p> | |
| 79.1 | <p><u>Internal Audit Progress Report and Sector Update</u></p> <p>A Smith presented the Progress Report to members of the committee updating them on progress against the 2018/19 Internal Audit Plan. It was noted that two internal audit reports had been finalised namely – ‘Theatre Productivity’ and ‘Estates’ and that both audits had received ‘significant assurance with some improvement required’.</p> <p>It was noted that suggested changes to the Internal Audit Plan had been made with regard to the use of contingency days to undertake an audit of the VTE indicator to assess data quality and audit of compliance with the Trust’s conflict of interest policies and procedures. The work for these two audits was currently being scoped and the number of days would be agreed and approved with K Stringer. M Martin questioned as to why External Audit were also looking at VTE, K Stringer responded that there was ongoing concern for a number of areas identified by the Deputy CNO hence Internal Audit had been asked to check that the Trust was undertaking the process correctly. A Bostock confirmed that from an External Audit point of view they would be reviewing the quality of the reports and authenticating the Trust’s position.</p> <p>K Wilshere enquired as to who had requested the ‘conflicts of interest’ audit to be undertaken. A Smith confirmed that this had originated from the Chair of the Trust. He reported that where no conflicts of interest had been received a sample of those consultants would be chosen and their interests checked with Companies House. It was agreed that a sample audit would be unfair and that in his view all consultants should be checked, however, it was acknowledged that this would be a large piece of work to complete.</p> | |

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| | <p>A Smith suggested that good practice would be to make this review part of the revalidation exercise going forward. A Smith agreed to liaise with K Wilshere to review the current evidence that the Trust holds before approaching Companies House. It was concluded that this would be a joint piece of work between A Smith and K Wilshere.</p> <p>A Smith confirmed that the Quarter 4 work was currently being scoped. Members noted that the audit of 'Data Security and Protection Toolkit' was planned for Quarter 4 with the Medical Director (J Odum) being the Caldicott Guardian alongside K Stringer as the SIRO for the Trust. M Martin advised that she had recently attended a NHSI conference and a topic that arose was whether Trusts should appoint a Non-Executive Director as support to the SIRO. The Chair advised that the terms of reference should be checked around this before any proposal is put forward.</p> <p>It was noted that the remainder of the report from <i>page 4</i> 'Sector Update' onwards was presented for information purposes only.</p> <p>RESOLVED: The committee noted the detail in the Internal Audit Progress Report.</p> | <p>A Smith</p> <p>K Stringer</p> |
| 79.2 | <p><u>Recommendation Tracker Report Update</u></p> <p>E Mayne presented the Recommendation Tracker report to committee members providing an overview of recommendations that were due for implementation. She advised that some of the recommendations had revised completion dates for the end of the financial year.</p> <p>Referring to page 8 of the report E Mayne advised that with regard to the recommendation 'Risk Management' it was recommended that this action be closed down subject to committee approval. It was agreed by members of the committee that they were happy with the proposed action.</p> <p>M Martin referred to page 7 the recommendation pertaining to 'Annual Leave and Study Leave – Medical Staff' and queried the revised date from November 2017 to March 2019 for implementation. She expressed concern over the hospital's ability to maintain a 52 weeks elective service to the public during peak holiday periods eg, Easter, Christmas and school holidays. The Chair agreed that he would raise the subject of consultant medical staff annual leave with the Director of Workforce at next week's Workforce and Organisational Development Committee meeting.</p> | <p>Chair</p> |
| 79.3 | <p><u>Financial Sustainability</u></p> <p>E Mayne advised members that the report was finalised in terms of the main conclusions with the format agreed with management and the action plan prepared with the Chief Operating Officer. She advised that K Stringer had been briefed yesterday ahead of today's meeting of the position in relation to this report.</p> <p>It was noted that the final report would be available early in the new year and E Mayne confirmed that the report would be circulated to members of the committee at that time.</p> | <p>E Mayne</p> |

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| 79.4 | <p><u>Theatre Productivity</u></p> <p>E Mayne presented the Theatre Productivity final Internal Audit Report and advised members of the committee that the overall audit outcome was of ‘significant assurance with some improvement required’. It was noted that there were seven low risk rated recommendations. A Smith reported that management had agreed to the timeliness of the report and actions proposed for implementation in 2019. M Martin advised that whilst the low rated recommendations were not added to the 4action tracker they should be kept on file as a point of reference.</p> <p>The Chair referred to page 8 referring to ‘an increase in early finishes from April to July 2018’, he advised that the finishing times appeared high for a planned theatre session. M Stocks advised that this may be due to patients DNAs (did not attends) on the day and reported that some Trusts were now overbooking in some specialties to allow for any DNA patients.</p> <p>M Martin advised that it would be useful to understand the metrics of the utilisation of the theatres eg, utilisation of the whole time available versus utilisation of the planned use. The Chair concurred that it would be beneficial to invite the Theatre Services Manager for both Cannock and New Cross Hospitals to the next committee meeting to explain how theatre time was utilised.</p> | L Grant |
| 79.5 | <p><u>Estates Management</u></p> <p>E Mayne presented the Estates Management final Internal Audit Report. She advised that the focus of the audit had been to provide assurance on the suitability of the processes and procedures in place to support the management and control of the backlog programme.</p> <p>Referring to page 4, E Mayne advised that the outcome of the audit had provided ‘significant assurance with some improvement required’, but with only one low grade recommendation. This recommendation related to the monitoring of KPIs linked to the Estates Strategy being contained in one place. Members of the committee discussed the recommendation and in view of the evident good practice carried out in the Directorate requested that the low recommendation rating for KPIs be changed to ‘significant assurance’. The committee asked that their congratulations on a successful audit be passed to the Estates Directorate.</p> | E Mayne K Stringer |
| 79.6 | <p><u>Review of Capital Investment Business Cases – Cannock Chase Hospital</u></p> <p>This report was not discussed due to its late circulation and will, therefore, be presented to the February 2019 meeting of the committee.</p> | |
| 79.7 | <p><u>Counter Fraud Progress Report</u></p> <p>S Kabirat presented the Counter Fraud Progress Report to members of the committee detailing the summary of work undertaken since the last meeting of the committee on the 24 September 2018.</p> <p>S Kabirat confirmed that work continued on ‘prevent and deter’ and ‘inform and involve’ activities and progress statements were included within the report for members information. It was noted that there were ten referrals ongoing, with one case being submitted to the NHS Counter Fraud Authority for review.</p> <p>Referring to page 6, S Kabirat advised that a counter fraud briefing note had been drafted and would be circulated before Christmas to advise Non-Executive Directors of the key aspects of the LCFS.</p> | S Kabirat |

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| | <p>Members noted the detail in relation to the draft Risk Assessment work on page 3 and the detail in the risk map, which demonstrates the significant opinion risk and other areas of audit focus. A Bostock confirmed that the plan will be articulated in full to the February 2019 meeting of the committee.</p> <p>Members noted the detail presented at 'Appendix A' – the agreed action plan following the debrief meeting held with the finance team and 'Appendix B – Technical Update'.</p> <p>RESOLVED: The committee noted the detail in the External Audit progress report.</p> | |
| 81/2018 | <p><u>Losses and Compensation Payments</u></p> <p>K Stringer presented the report on Losses and Special Payments for the period 1 August 2018 to 31 October 2018.</p> <p>K Stringer advised the committee that the Overseas Team Lead and Directorate Manager would be attending the F&PC meeting in January 2019, to talk about early identification of overseas visitors attending for treatment and payment being made upfront. He confirmed that this proposed course of action would reduce the number of write offs being presented to the committee for approval.</p> <p>The committee noted the following detail:-</p> <ul style="list-style-type: none"> • the total losses and special payments in the period of £143,806.45 (50 new cases plus 3 existing cases) • the losses and special payments authorised within Officers' delegated limits in the period from 1 August 2018 to 31 October 2018, the Deputy Chief Financial Officer authorised £49,001.92 (42 cases) of losses and special payments under delegated power • the losses and special payments authorised outside Officers' delegated powers for the period 16 May to 15 September 2018, which were approved on 24 September 2018 by the committee £82,782.53 (7 new cases) • the personal injury claims of £12,022 (1 new cases plus 3 existing cases) • the total for the 2018/19 year of £188,158.59 (78 new cases plus 3 existing cases) • approve the write off of losses and special payments of £44,696 (2 cases) outside the Officers' delegated limits in the period 16 September to 15 November 2018 <p>M Martin referred to the debt owed to the Trust from Destiny Wireless Ltd of £37,000 and asked for further detail behind this loss. Following discussion the committee concluded that this debt would not be written off until more detail was available. K Stringer undertook to report back to members of the committee with the background detail to this request.</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 with the exception of Destiny Wireless Ltd.</p> | K Stringer |

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| 82/2018 | <p><u>Security Report</u> In the absence of P Smith the committee noted the detail of the Security Progress Report and that the upgrade to the Maternity Unit security had now been completed.</p> <p>RESOLVED: The committee noted the detail in the Quarterly Progress report on security issues within the Trust.</p> | |
| 83/2018 | <p><u>Audit Committee Workplan</u></p> <p>83.1 <u>Audit Committee Workplan 2018</u> Members of the committee reviewed and noted the workplan for 2018.</p> <p>83.2 <u>Audit Committee Workplan 2019</u> Members of the committee reviewed and approved the workplan for 2019.</p> | |
| 84/2018 | <p><u>Provisional Audit Committee Dates 2019</u> Members agreed the timetable for meeting dates of the committee for 2019.</p> | |
| 85/2018 | <p><u>Any Other Business</u> The Chair addressed the committee and asked for feedback on the business of the meeting.</p> <p>M Martin reiterated that late reports being circulated for discussion were not acceptable. K Wilshere advised that the committee's Terms of Reference stipulate agenda and papers should be circulated one week in advance. It was agreed that late reports would not be submitted to any future meetings.</p> | ALL |
| 86/2018 | <p><u>Date and Time of Next Meeting</u> Tuesday 12 February 2019 in the Conference Room, Hollybush House</p> <p>9.30 am private meeting of members of the committee with Internal and External Audit</p> <p>10.00 am full Audit Committee meeting</p> | |