

Minutes of the Audit Committee

**Date** Thursday, 25 February 2016  
**Venue** Conference Room, Hollybush House  
**Time** 9.00 am private meeting with Internal/External Audit with full committee meeting commencing at 9.30 am

<b>Present:</b>	<u><b>Name</b></u>	<u><b>Role</b></u>
	Mr Roger Dunshea	Non-Executive Director (Chairman)
	Mrs Mary Martin	Non-Executive Director
	Dr Janet Anderson	Non-Executive Director
	Mrs Rosi Edwards	Non-Executive Director
<b>In Attendance:</b>	<u><b>Name</b></u>	<u><b>Role</b></u>
	Mr Kevin Stringer	Chief Financial Officer
	Mr Mike Gennard	RSM
	Mrs Shauna Mallinson	RSM
	Mr Paul Westwood (part)	Coventry & Warwickshire Audit Service
	Mr Andrew Bostock	KPMG
	Ms Laura Jackson	KPMG
	Mr Paul Smith (part)	Security Manager
	Ms Maria Arthur (part)	Head of Governance and Legal Services
	Mr A Sargent	Trust Board Secretary
	Mrs Anne-Louise Stirling	Personal Assistant to the Chief Financial Officer (minute taker)

Item No		Action
1/2016	<u><b>Apologies for absence</b></u> S Ness, Deputy Chief Financial Officer	
2/2016	<u><b>Minutes of the previous meeting held on 1 December 2015</b></u> The minutes of the Audit Committee meeting held on the 1 December 2015, were reviewed and approved with the following amendment:-  ‘Minute no 65/105 should be edited to read that the BAF would be circulated every two months and not three months as stated’.	

3/2016	<p><b><u>Matters Arising/Audit Committee Action Points</u></b> The committee reviewed the list of Action Points and agreed upon which items had been actioned and could be deemed closed.</p>	
4/2016	<p><b><u>Declaration of Interest</u></b> M Gennard advised that RSM had an interest in Agenda Item 19.2 – Internal Audit Re-Tender Exercise.</p>	
5/2016	<p><b><u>Quality Governance Assurance Committee (QGAC)</u></b> J Anderson updated members on areas of concern following the QGAC meeting.</p> <ul style="list-style-type: none"> <li>• Concern over the high turnover of staff within the Trust and the general sickness level within the workforce. It was suggested that sickness rates may be linked to the 12 hour shift pattern of working rather than the standard 8 hour shifts thus, resulting in over tiredness. It was proposed that this was a potential area to be audited as sickness absence linked to fatigue would be a ‘red’ risk for the Trust.</li> <li>• Concern over waiting times in the Emergency Department for ‘minor’ injuries linked to Northern Doc (locally known as Wolverhampton Urgent Care Doctors). It was acknowledged that this was an area requiring improvement and was linked to the use of Locum staff.</li> <li>• Cancer performance causing concern.</li> <li>• Discharge summaries not working well in some areas and, therefore, a detailed breakdown by ward/area needs to be undertaken. There was a need to focus on current procedure and resources available to address this issue, in order that it can be resolved going forward.</li> </ul> <p>The Chair thanked J Anderson for the update on issues of note arising from the business of the QGAC meeting.</p>	
6/2016	<p><b><u>Finance and Performance Committee (F&amp;PC)</u></b> M Martin updated members on areas of concern following the F&amp;PC meeting held on the 24 February 2016.</p> <ul style="list-style-type: none"> <li>• CIP – challenge continues to find Transformational schemes. It was noted that a £28m CIP saving had been potentially identified by the national team following the Carter review and this detail was now being examined at Directorate level.</li> <li>• Financial Outturn – there remains a significant number of risks that could cause the Trust to under achieve the TDA stretch target. Currently looking at accounting processes that could be potentially changed within the current governance arrangements.</li> </ul> <p>M Martin endorsed the comments made earlier by J Anderson with regard to sickness absence and staff turnover within the Trust and agreed that these areas needed to be addressed.</p>	

	<p>The Chair thanked M Martin for the update on issues of note arising from the business of the F&amp;PC meeting.</p>	
<p>7/2016</p>	<p><b><u>Trust Management Committee (TMC)</u></b></p> <p>K Stringer updated members of areas of concern following the TMC meeting held on the 22 January 2016.</p> <p>The following areas of note were highlighted to the committee:-</p> <ul style="list-style-type: none"> <li>• Infection Prevention – Dr Cooper highlighted on-going vigilance required by Trust in relation to C-difficile.</li> <li>• Governance Report – discussion highlighting the retention of nursing staff/current vacancies and the potential impact of the removal of bursaries.</li> <li>• Integrated Quality and Performance Report – discussion held on Accident and Emergency performance and the impact of the significant increase in ambulance conveyances.</li> </ul> <p>All of these issues were appropriately captured on the corporate risk systems and needed no further escalation by the committee.</p> <p>The Chair enquired about the recruitment position within the Finance Department and asked if the department had stabilised since the high turnover of staff last year. K Stringer reported that key posts had now been filled and concerns were easing.</p> <p>The Chair thanked K Stringer for the update on issues of note arising from the business of the TMC meeting.</p>	
<p>8/2016</p>	<p><b><u>Board Assurance Framework (BAF)</u></b></p> <p>M Arthur addressed members of the committee and advised that she would be providing an update on progress and development of the BAF template.</p> <p>M Arthur advised that work continues on the development of the BAF to make it more strategic driven and aligned with the Trust’s six Strategic Objectives. She advised that the application of the BAF continues and work to close the gap between it being updated by Executive Directors and the deadline for reporting to Trust Board was on-going.</p> <p>M Arthur referred members to the Board Development Session arranged for the 11 April 2016 to discuss the BAF going forward. It was noted that this session would be facilitated by RSM the Trust’s Internal Auditors. The Chair advised that it had been agreed earlier in the meeting under ‘matters arising’ that due to annual leave commitments the scheduled date would now potentially move to the 9 May 2016.</p> <p>M Martin stressed that in view of the importance of the BAF it would be beneficial if it were discussed as the first item on the Trust Board agenda. Thus, ensuring that any ‘red’ risk issues were discussed at every Board meeting and ensuring that members of the Board were fully aware of what was happening in the Trust and were updated at regular monthly intervals.</p>	<p><b>A Sargent</b></p>

	<p>Members of the committee agreed that the BAF clearly underpins major issues within the Trust, but acknowledged that it needed to be presented in a format that was easy to understand and transparent.</p> <p>The Chair concurred that it was essential to get the right assurance that the information provided was up-to-date and reliable.</p> <p>The Chair advised that further discussion was required at Board level at the next meeting on the 29<sup>th</sup> February 2016. This discussion would facilitate a decision to be made as to how these fundamental changes were going to be made to the BAF and ensure alignment with the Trust's Strategic Objectives.</p> <p>The Chair thanked M Arthur for attending the meeting to provide an update on the progress and development of the BAF and for all her hard work on developing the new format.</p>	<p>R Dunshea</p>
<p>9/2016</p>	<p><b><u>Internal Audit – RSM</u></b></p> <p><u>Internal Audit Progress Report</u></p> <p>S Mallinson presented the Progress Report to the committee providing an update on progress against the 2015/16 Internal Audit Strategy and confirmed that audit work was on plan to be completed by 31 March 2016.</p> <p>S Mallinson advised that eight final reports had been issued since the last meeting:-</p> <ul style="list-style-type: none"> <li>• Debtors</li> <li>• Treasury and Cashflow Management</li> <li>• Creditors</li> <li>• Capital programme</li> <li>• Payroll</li> <li>• Charitable Funds</li> <li>• Consultant Job Planning</li> <li>• Information Governance Toolkit</li> </ul> <p>It was noted that additional work had been undertaken with the Research and Development (R&amp;D) team in developing a programme to undertake monitoring/assurance meetings with Provider organisations. M Martin advised that the biggest risk to the R&amp;D directorate was the potential underspend and enquired if the audit had looked at how the directorate would spend the remainder of their budget. S Mallinson concurred that the audit had indeed looked at how they were performing against spend and that assurance had been gained that Partner organisations were using the monies for the correct purposes. M Martin continued that she was concerned about yearend accruals and asked K Stringer to take this issue back to the finance team and flag it as a potential risk.</p> <p>S Mallinson referred to the 'Consultant Job Planning' audit that had resulted in a 'red' opinion. He reported that they had looked at the action agreed previously and if it had been implemented. Unfortunately, it had been identified that very little change in implementation to the system used to track changes had occurred. It was noted that Dr J Odum, Medical Director was the responsible Executive Director for this audit. S Mallinson added that policies and procedures were indeed out of date.</p>	<p>K Stringer</p>



	<p>A Sargent noted that this would require a statement being published by the Trust and advised that he would liaise with the Procurement Department to ensure that all functions were addressed.</p> <p>Members noted that the remainder of Appendix A was presented for information purposes only.</p> <p><b>RESOLVED:</b> Members noted the contents of the Progress Report presented by KPMG.</p>	<p><b>A Sargent</b></p>
<p>11/2016</p>	<p><b><u>Losses and Compensation Payments</u></b></p> <p>K Stringer presented the report on Losses and Special Payments for the period 1 November 2015 to 31 January 2016 totalling £14,722.50 and personal injury claims of £44,420.25.</p> <p>By way of additional information relating to personal injury claims (£44,420.25) K Stringer pointed out to members that claims had increased in number due to the 'no win no fee' practice.</p> <p>Members noted the detail with regard to the 'leak' in the Cardiology Catheter Laboratory building and the resulting loss of equipment amounting to £10,935.50. This particular write off required authorisation from members of the committee as it fell outside officer's delegated limit authority. The Chair on behalf of members of the committee approved this write off.</p> <p><b>RESOLVED:</b> The Committee approved the detail in the Losses and Special Payments report and acknowledged that this would now be presented to the Trust Board at its meeting at the end of March 2016 for final approval.</p>	
<p>12/2016</p>	<p><b><u>Accounts Policies and Going Concern</u></b></p> <p>K Stringer presented the 'Initial Accounting Policies for adoption for 2015/16 Trust Accounts and note of Going Concern' report to members of the committee.</p> <p>He advised that for the purposes of the 2015/16 Annual Accounts the Trust was required to make a statement that it continued to be a Going Concern. This statement would be checked and validated by the External Auditors to ensure accounting procedures had been adhered to.</p> <p>With regard to Accounting Policies, K Stringer advised that there was nothing of a significant nature to report to the committee or the auditors. There had been no other changes to accounting policies apart from the Asset Life Methodology reported and discussed at the December meeting of the committee. He advised that the Trust was taking a considered view and it was a methodological change rather than a policy change.</p> <p><b>RESOLVED:</b> The committee agreed and noted the Trust's position regarding the Going Concern position and approved the Initial Accounting Policies in respect of the Annual Accounts for 2015/16. The committee endorsed the key principle of ensuring the accounts fully met the required accounting reporting standards and were not influenced by instructions from external bodies.</p>	

<p>13/2016</p> <p>13.1</p> <p>13.2</p>	<p><b><u>Counter Fraud – Coventry &amp; Warwickshire Audit Services</u></b></p> <p><u>2015/16 Anti -Fraud Progress Report</u> P Westwood presented the 2015/16 Anti-Fraud Progress Report setting out work undertaken to date against the agreed work plan to members of the committee.</p> <p>He advised that there had been one new referral since the December meeting, which was currently being investigated, which related to a potential case of conflict of interest. A further four cases had been investigated and closed down.</p> <p>P Westwood confirmed that work was in line and on plan with the days specified in the 2015/16 workplan the detail of which could be found at Appendix 1.</p> <p>The Chair advised members that the LCFS contract was due for renewal and that this would be discussed in private at the end of the meeting.</p> <p><b>RESOLVED:</b> The committee noted the detail in the Anti-Fraud Progress Report.</p> <p><u>Anti-Fraud Information from NHS Protect</u> P Westwood advised that the Guidance issued from NHS Protect was attached for member’s information only.</p>	
<p>14/2016</p>	<p><b><u>Security Report</u></b> P Smith presented the Security Report to members of the committee.</p> <p>P Smith advised that as previously discussed the security upgrade in the Maternity Unit was complete and went live last May. He confirmed that following the launch additional training had been provided to members of staff.</p> <p>Members noted that additional security measures had been installed at Cannock Chase Hospital in the form of CCTV cameras in areas that had previously lacked surveillance equipment.</p> <p>P Smith made reference to page 2 in relation to ‘property lost, damaged or stolen’ and advised members that at Quarter 3, 66 TENS machines were missing from the Trust amounting to a total cost of approximately £2k. This matter was being followed up.</p> <p>Members noted that as previously reported a further iPod had been damaged in the Cardio Thoracic Unit.</p> <p>It was noted that the capital bid to upgrade the CCTV system to the new IP based network had been unsuccessful. K Stringer enquired as to the cost of the bid and following discussion it was agreed that P Smith would discuss this further with K Stringer outside of the meeting.</p> <p>P Smith reported that as previously advised the current security service provided by APCOA had been formally extended for twelve months, but at the same time APCOA had been given a twelve month notice of termination. He informed members that the retendering process was well underway and that bids were currently being evaluated with a contract award date of June 2016.</p> <p><b>RESOLVED:</b> The committee noted the quarterly report on security within the Trust.</p>	<p><b>P Smith/ K Stringer</b></p>

15/2016	<p><b><u>Updated Audit Committee Terms of Reference</u></b> A Sargent presented the Audit Committee Terms of Reference and Establishment of an Auditor Panel report to members of the committee.</p> <p>He advised that as the Audit Commission ceased to exist with effect from the 1 April 2015 it was now the responsibility of individual organisations to make its own appointment for External Audit services, by establishing an auditor panel. He reported that it was recommended that this panel should be represented by the same Non-Executive Directors who were members of the Audit Committee.</p> <p>The Chair asked for an outline timetable with a draft specification on how the auditor panel would factor into the new arrangement to be drawn up.</p> <p><b>RESOLVED:</b> The committee agreed the proposed changes and recommended that the report be presented to the March Trust Board.</p>	A Sargent
16/2016	<p><b><u>Audit Committee Work plan 2016</u></b> Members of the committee reviewed and approved the proposed Workplan for 2016.</p>	
17/2016	<p><b><u>Audit Committee Dates 2016</u></b> The committee noted the rescheduled date of the June meeting to May 27<sup>th</sup> 2016, in order to accommodate the Annual Accounts and Report deadline.</p>	
18/2016	<p><b><u>Any Other Business</u></b></p> <p>18.1 <b><u>Non-Executive Director Repayments</u></b> The Chair referred to the detail in the report regarding the issue of the two Non-Executive Directors who had not repaid their salary and expenses debt back to the Trust. Following discussion it was agreed that all the proportionate actions had been taken by the Trust to recoup the outstanding payments and it was not in the interests of the Trust to pursue any further as it was uneconomic. It was, therefore, agreed that the remaining debt should be written off.</p> <p>18.2 <b><u>Internal and External Audit/LCFS Re-Tender Exercise</u></b> Due to the sensitivity of the discussion both Internal and External Audit left the meeting.</p> <p>K Stringer advised the committee that both the Internal Audit and LCFS contracts were up for renewal. However, it was proposed that their contract be extended for a twelve month period, which would then allow the time for a full retendering exercise to be carried out. It was agreed that a twelve month extension be put in place until the 31 March 2017. The Chair concurred that the contract extension should have the same number of days worked into the 2016/17 workplan as the 2015/16 plan.</p>	
19/2016	<p><b><u>Date and Time of Next Meeting</u></b> Joint meeting of Quality Governance Assurance Committee and Audit Committee on the 20 April 2016 at 1.00 pm in the Board Room, Corporate Skills Building.</p>	