

## The Royal Wolverhampton NHS Trust

### CHAIRMAN'S SUMMARY REPORT

<b>Name of Committee/Group:</b>	Audit Committee	
<b>Report From:</b>	Chair of Committee – Surrinder Kalirai	
<b>Meeting Date:</b>	26 February 2013	
<b>Action Required by receiving committee/group:</b>		<b>For information and discussion</b>
<b>Aims of Committee:</b> Bullet point aims of the reporting committee (from Terms of Reference)	<p>The Audit Committee:</p> <ul style="list-style-type: none"> <li>• Advises the Board on internal and external audit services</li> <li>• Reviews the establishment and maintenance of an effective system of internal control, that supports the achievement of the organisation's objectives</li> <li>• Monitors compliance with Standing Orders and Standing Financial Instructions</li> <li>• Reviews the Annual Accounts prior to submission to the Board</li> </ul>	
<b>Drivers:</b> Are there any links with Care Quality Commission/Health & Safety/NHSLA/Trust Policy/Patient Experience etc.	<ul style="list-style-type: none"> <li>• DOH</li> <li>• Internal and External Auditors</li> <li>• NHS Protects</li> <li>• No direct links with patient experience</li> </ul>	
<b>Main Discussion/Action Points:</b>	<ul style="list-style-type: none"> <li>• Since the December meeting five internal audit reports have been received, and none contain any fundamental issues which could impact on the Head of Internal audit opinion at this time.</li> <li>• Reviewed the External Audit progress report, and noted that the only material risk for the year end identified to date is to ensure recoverability of balances (particularly contract variation payments) from NHS organisations which will cease to exist after 31 March 2013.</li> <li>• Advised that further work is to be undertaken with regard to recommendation tracking, with a view to presenting a clearer report to the Committee of the recommendations outstanding and escalation procedures to be documented to ensure implementation</li> <li>• Considered and approved a new Anti-Bribery policy, which will be submitted to the Trust Management Team for approval as a corporate policy.</li> <li>• Discussed the current processes around Registers of interests and gifts and hospitality, and requested a piece of work to review the effectiveness of the policies and procedures in the trust</li> <li>• Informed that the scope of the Safety Checklist</li> </ul>	

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	compliance audit will encompass usage by contractors.
<b>Risks Identified:</b> Include Risk Grade (categorisation matrix/Datix number)	No new risks identified for the BAF/TRR.

**Minutes of the Audit Committee**

**Date** Tuesday, 26 February 2013  
**Venue** Room 4, Wolverhampton Medical Institute  
**Time** 9.00 am

**Present:**

<u>Name</u>	<u>Role</u>
Surrinder Kalirai	Non-Executive Director (Acting Chair)
John Holder	Associate Non-Executive Director

**In Attendance:**

<u>Name</u>	<u>Role</u>
Kevin Stringer	Chief Financial Officer
Sandra Ness	Deputy Chief Financial Officer
Mark Jones	PricewaterhouseCoopers
Glen Palethorpe	RSM Tenon
Paul Westwood	Coventry & Warwickshire Audit Service
Paul Smith (part)	Security Manager
Adrian Sargent	Trust Board Secretary
Anne-Louise Stirling	Personal Assistant to Chief Financial Officer (minute taker)

**Present by Invitation:**

Sue Rawlings	Associate Non-Executive Director
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Item No		Action
1/2013	<p><b><u>Apologies for absence</u></b>                      An apology for absence was received on behalf of Jeremy Vanes, who was Acting Chairman of the Trust Board, and was not attending in order to avoid any potential conflict of interest.</p> <p>Ms Rawlings was present by invitation to observe and contribute to the meeting.</p>	

Item No		Action
2/2013	<p><b><u>Minutes of the Meeting held on 13 December 2012</u></b> The committee approved the minutes of the meeting held on 13 December 2012 as a correct record.</p>	
3/2013	<p><b><u>Matters arising from the Minutes of the Meeting of the Audit Committee held on 13 December 2012</u></b></p> <p>2 <u>Transfer of Properties to the Trust - Post Transforming Community Services (TCS) (minute 8.1)</u> Mr Stringer confirmed that a progress report was presented at the Board meeting on the 25 February 2013, in the confidential section. It was noted that the official transfer date remained the 1 April 2013. The list of properties being transferred including West Park Hospital had been confirmed with two exceptions Pond Lane and Pendeford Health Centre still to be finalised. Mr Stringer advised that he was happy to circulate the confidential Board report to members of the committee for their information.</p> <p><u>24/2012 Internal Audit RSM Tenon – Internal Audit Progress Report</u></p> <p><u>Creditors</u> Ms Ness reported that following the Chair’s query at the last meeting, regarding reconciliations to supplier statements she could confirm that 70% of the suppliers were checked. However, she advised that not all suppliers send statements and queries are emailed in rather than presented in a statement form. Ms Ness advised that KPIs were currently being reviewed.</p>	KS
4/2013	<p><b><u>Audit Committee Action Points</u></b> The Committee reviewed the list of Action Points, and the following observations were made:</p> <ul style="list-style-type: none"> <li>• Stock Control Procedures – Mr Palethorpe reported that work continued on finalising this piece of work with Finance. He advised members that an update would be provided at the next meeting of the Committee.</li> <li>• Community Services Post TCS – Mr Stringer advised that he would liaise with the Director of Planning and Contracting – Ms Espley to arrange for a progress report to be presented to the March Trust Board reporting on the performance of the Trust’s Community Services post TCS. The Committee agreed to this course of action and asked Mr Stringer to co-ordinate.</li> </ul>	GP  KS

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	<ul style="list-style-type: none"> <li>• Car Park Payment Machines – Ms Ness advised the committee that the maximum cash sum banked on site was £4,000 with a cash collection twice a week.</li> </ul> <p>With regard to the car park machine equipment it was noted that this was currently being reviewed. Ms Rawlings enquired about the expected life span of the current equipment in use. Mr Smith responded that at present the current equipment was having to be maintained on a daily basis, in order for it to be fit for purpose. The Chair asked if the review could include payment by debit card being introduced as this would alleviate problems for patients and visitors to the site and mitigate some of the risks previously highlighted.</p> <ul style="list-style-type: none"> <li>• Never Events – Mr Palethorpe advised that a meeting had been held with the Chief Nurse – Ms Etches and the Chair to review scope with regard to Never Events. It was agreed to focus on the process and procedures being followed around the safety compliance checklist which was introduced to reduce the risks of re-occurrence of Never Events. This can also be used to assist with finalising the policy to be implemented. A progress report will be brought back to the next meeting of the Committee. Mr Stringer requested that temporary staff in particular medical staff be looked at with particular emphasis on compliance with local policies. It was noted by members that this followed on from a concern that had been raised at yesterday's Board meeting.</li> </ul> <p><b>Resolved:</b> That the report on the Committee action points be noted.</p>	<p>GP</p> <p>GP</p>
5/2013	<p><b><u>Declaration of Interest</u></b> No interests were declared at this meeting.</p>	
6/2013	<p><b><u>Security Report</u></b> Mr Smith submitted his quarterly report on security across the Trust, and highlighted the following points.</p> <ul style="list-style-type: none"> <li>• Capital Works within the Maternity Building – Following a meeting in early January to discuss the security upgrade Mr Smith reported that the Chief Executive – Mr Loughton had enquired if the Safe Hands project could be utilised into the current security system.</li> </ul>	

Item No		Action
	<p>However, he advised that initial findings indicated that the Safe Hands project was not licenced as a security device, which could cause problems with the sensing equipment.</p> <ul style="list-style-type: none"> <li>• Review of Incidents – The committee noted that the largest number of incidents during the period under review related to the theft of personal property compared to incidents of damage to Trust property.</li> <li>• Annual Workplan 2013/14 and Annual Report 2012/13 – Mr Smith advised that work had commenced on drafting the Annual Workplan in line with the LSMS seven areas of generic work and that evidence for the Annual Report was being collated.</li> <li>• Security Policy – The Committee noted that the Security Policy was approved by the Trust Management Team at its meeting held last September and now incorporated the former HR35 Zero Tolerance Policy. Work continued on the ID card procedure review; Stop and Search Policy and Mini Dome CCTV protocol.</li> </ul> <p>Mrs Rawlings enquired when the ID card review would be completed to, which Mr Smith responded that the date earmarked was the 1 April 2013. However, he advised that staff holding a Community card would not be able to access departments at New Cross Hospital, but Acute staff would be able to access Community buildings. This was due to compatibility of systems in place. Mr Stringer acknowledged that this issue needed to be discussed further outside of the meeting to establish access rights</p> <p><b>Resolved: That the quarterly report on security within the Trust be noted.</b></p> <p>Mr Smith left the meeting.</p>	
7/2013	<p><b><u>Counter Fraud Report – Coventry &amp; Warwickshire Audit Services</u></b></p> <p><u>Fraud Progress Report 2012/13</u> Mr Westwood presented his quarterly report, which provided an update against the activities included in the Trust’s 2012/13 fraud work plan, and provided a separate section setting out investigations received to date. He highlighted to members of the Committee key outcomes for the investigations undertaken during the financial year to date.</p>	

Item No		Action
	<p>Mr Westwood referred to the successful prosecution in Court of a former Trust employee who had been working whilst off sick. He advised that as part of the on-going deterrence work an article would be drafted for production in the next edition of TrustTalk to highlight the case to staff and the action taken. Mr Stringer concurred that it was good practice to publicise successful cases that had been to Court to staff.</p> <p>Referring to page 3 'Potential lessons to be learnt from any other recent NHS fraud cases appearing before the Courts. Mr Westwood referred to the recent case of an unqualified clinician who had fraudently worked at an NHS organisation. He asked the Committee that in view of the detail of this particular case if there was any proactive work they would like to be carried out eg, sample checks undertaken to substantiate and evidence qualifications on personal files. Mrs Rawlings asked what the current process was for checking nurses and doctors qualifications. Mr Stringer advised that he would approach the HR Director to ascertain what the current procedure was for checking registration numbers etc and report back to the Committee.</p> <p>Mr Westwood referred to page 4 the case of a former NHS employee who continued to receive a monthly salary after their termination date due to an administrative error and failed to report it had been successfully sentenced. The Chair asked the arrangements in place within the Trust for dealing with overpayments. Mr Stringer advised that a strict policy was in place for overpayments to be collected as soon as possible. The Chair asked for a note of all overpayments to date including age profile of the outstanding balance. Mr Stringer undertook to circulate information to the Committee by email. Mr Palethorpe provided assurance to the Committee that from an Internal Audit point of view robust procedures were in place in comparison to other Trusts.</p> <p>The Committee noted the detail in Section 3 of the progress report with regard to investigations and open referrals from the current financial year; and previous years that have been carried forward.</p> <p>Mr Westwood referred to page 10, Appendix 1 - Fraud Workplan Time Monitoring – 2012/13 detailing the work areas, planned days and actual days used. He advised that any shortfall in the dates would be carried forward to the 2013/14 plan. Mr Stringer advised that all planned days must be used in the next financial year.</p> <p><b>Resolved:</b> The committee noted the quarterly report on fraud related activities.</p> <p><u>Draft Fraud Plan for 2013/14</u> Mr Westwood presented a draft summary Fraud Plan for 2013/14, which had been discussed prior to the meeting with Mr Stringer. He explained that a more detailed plan would be issued when the fraud risk assessment had been undertaken.</p>	<p>KS</p> <p>KS</p>

Item No		Action
	<p>The committee noted there was no increase in the cost to the Trust.</p> <p><b>Resolved:</b> The committee approved the draft Fraud Plan for 2013/14.</p> <p><u>Draft Anti-Bribery Policy</u> Mr Westwood advised that he had drafted the draft Anti-Bribery Policy as requested by members of the Committee at the December meeting. It was presented today for debate and comment.</p> <p>Mr Sargent advised the Committee that the policy would have to be presented to the Trust Management Team for approval as a corporate policy. Mr Stringer agreed he would be responsible for this action.</p> <p>The Committee discussed and noted that a Compliance Officer needed to be identified. It was agreed that this would be discussed outside of the meeting and a decision made as to who would be responsible for this role.</p> <p><b>Resolved:</b> Subject to the above the draft Anti-Bribery Policy was noted and approved for presentation to Trust Management Team.</p>	<b>KS</b>
8/2013	<p><b><u>Internal Audit – RSM Tenon</u></b></p> <p><u>Internal Audit Progress Report</u> Mr Palethorpe presented the progress report to the Committee providing an update on the outcomes of internal audits taken during 2012/13 and particularly since the last meeting of the Committee in December 2012.</p> <p>It was noted that five reports had been finalised since the December meeting of the committee namely:-</p> <ul style="list-style-type: none"> <li>• Data Quality 2 – Smoking Cessation (amber red opinion)</li> <li>• IG Toolkit – Phase 2 (advisory audit)</li> <li>• Charitable Funds – (green opinion)</li> <li>• Capital Programme and Asset Management (green opinion)</li> <li>• Theatre Stocks – Consumables (amber green opinion)</li> </ul> <p>Mr Palethorpe advised that work had commenced on drafting the 2013/14 Internal Audit Plan and that meetings were currently taking place with Executive Directors to identify areas for inclusion in the plan.</p> <p>Referring to the key findings from the internal audit work through each assignment, Mr Palethorpe highlighted a number of matters as follows.</p>	

Item No		Action
	<ul style="list-style-type: none"> <li>• Data Quality (2) – Smoking Cessation Mr Palethorpe reported that during the audit testing a non-compliance with the control framework was identified due to incorrect transcription of data on quarterly return to the Department of Health. Mr Holder advised this issue had been raised at the Board meeting and assurance given that a revised statement was going to be issued detailing the correct position at the end of the financial year.</li> <li>• IG Toolkit – Phase 2 Mr Palethorpe reported that from the documentary evidence that had been reviewed against the attainment level reported on the IG Toolkit assessment (December 2012) it was evident that whilst improvements in the level of documentation supporting the requirements had improved, it was not robust enough to support the Trust’s assessment.</li> </ul> <p>Mr Stringer addressed the Committee and concurred that the smoking cessation results had been disappointing, but thanked RSM Tenon for alerting the Trust to the discrepancy. With regard to the IG Toolkit Mr Stringer reported that the Medical Director – Dr Odum was aware of the issue and had asked RSM Tenon for the gap analysis.</p> <p><b>Resolved:</b> That the progress report from RSM Tenon on progress against the Internal Audit Plan 2012/13 be noted and that the draft Audit Plan will be presented to the next meeting of the committee.</p>	
9/2013	<p><b><u>External Audit - PricewaterhouseCoopers</u></b></p> <p><u>External Audit Progress Report</u></p> <p>Mr Jones presented the progress report which included audit planning, other matters, Charitable Funds and recent publications and other developments.</p> <p>The Committee noted that the interim audit had commenced last week and was pleased to note it was progressing well. Mr Jones advised that an update will be provided to the next meeting of the Committee.</p> <p>Mr Jones referred to page 5 of the plan in relation to the update on the 2012/13 audit fees. As previously reported the piece of work associated with the transfer of TCS property assets to the Trust had not occurred as planned during 2012/13 and will now be conducted in 2013/14. He therefore, reported that following assessment of this change to the scope of work for 2012/13 the audit fee would be reduced by £7,500.</p>	MJ

Item No		Action
	<p><b>Resolved:</b> The committee noted the External Audit Plan 2012/13 progress update and the reduction in audit fees of £7,500 for 2012/13.</p> <p><u>2012/13 External Audit Plan – The Royal Wolverhampton NHS Trust Charity</u> Mr Jones presented the External Audit Plan for 2012/13 relating to the audit of the financial statements for the year ending 31 March 2013 for the Trust’s Charity.</p> <p>The six areas covered by the scope of the audit were noted on page 2/3 of the plan. Mr Jones confirmed that any mis-statements identified believed to have an impact on the financial statements would be reported if above the level of £3,000. This is consistent with the reporting level agreed last year as part of the 2011/12 audit.</p> <p>The committee noted that two areas of risk namely ‘Revenue Recognition’ and ‘Management Override’ would be focused upon during the audit. Mr Jones assured the Committee they could take positive assurance that no significant risks had been outlined. Indeed, Internal Audit had issued a ‘green’ opinion for the audit they had undertaken.</p> <p>Mr Jones reported that the audit fee for 2012/13 would be £6,800 compared to £8,000 for 2011/12. It was noted that the 2011/12 fee had included a non-recurrent element associated with the transfer of funds from the PCT as a result of TCS.</p> <p><b>RESOLVED:</b> The External Audit Plan was noted.</p>	
10/2013	<p><b><u>Recommendation Tracking</u></b> Mr Stringer advised the Committee that due to the high apparent volume of outstanding recommendations that had yet to be actioned a meeting with Internal Audit (RSM Tenon) had been arranged. This will facilitate any recommendations that have been subsequently overtaken to be closed down.</p> <p>Members of the Committee asked for a report detailing explanations as to why the outstanding recommendations have not been closed down. Mr Stringer advised that he would write to members of the Committee advising them of progress following the meeting with Internal Audit.</p> <p>Following discussion Mr Stringer reassured the Committee that a robust approach was taken to deal with managers who failed to meet the original recommendation date. The Chair asked for an escalation process to be put in place to ensure that Directors are aware of areas of concern that fall under their portfolio.</p>	<p><b>KS</b></p> <p><b>KS</b></p>

Item No		Action
11/2013	<p><b><u>Losses and Compensation Payments</u></b></p> <p>Ms Ness presented the report on losses including special payments for the period 1 December 2012 to 31 January 2013. She confirmed that as previously requested a cumulative value from 1 April 2012 had been included.</p> <p><b>Resolved:</b> The Committee noted and approved the losses and special payments as detailed in the report.</p>	
12/2013	<p><b><u>Update on Private Patients Policy Implementation</u></b></p> <p>Ms Ness submitted her progress report on the implementation of the Private Patients and Overseas Visitors Policies.</p> <p>Ms Ness advised that Finance Department was working actively with the Medical Director – Dr Odum and the Private Patients Team and was happy to report a marked improvement had been evidenced over a short period of time. She confirmed that cash was now collected upfront for private treatment. However, Ms Ness reported that problems remain with overseas patients as it is not always possible to collect payment in advance if they are not identified on admission as being overseas patients. Ms Ness concurred this was a wide spread NHS problem not just isolated to this Trust. .</p> <p><b>Resolved:</b> The Committee noted the progress made in managing the financial risk and the mapping arrangements in place.</p>	
13/2013	<p><b><u>Standing Financial Instructions - Register of Interests</u></b></p> <p>Mr Holder verbally updated the Committee with regard to the ‘Fraud in the NHS Conference’ he had attended facilitated by RSM Tenon, where Non-Executive Directors had been advised to look into the currency and profile of registers of interests and gifts and hospitality</p> <p>Mr Sargent addressed the Committee to advise that three registers were currently held. One was for Board members (Executive and Non-Executive Directors) whereby a declaration of interest is completed on appointment and refreshed annually. A second register is for all staff and covers any declaration of interest as and when made to the Chief Executive. The third register covers gifts, hospitality etc which is for all Trust staff and Board members.</p> <p>Mrs Rawlings enquired if Internal Audit had ever covered this area as a piece of work. Mr Palethorpe responded this could be an area for review in conjunction with Mr Westwood via the Bribery Policy. Mr Westwood also suggested that this area could be incorporated into the Trust Induction, which would capture all new starters.</p>	

Item No		Action
	<p>Mr Jones reassured the Committee that External Audit did look at the 'register of interests' and followed up any areas of note to ensure that if any payment(s) or decision(s) had been made they had not been influenced in anyway by a mutual interest.</p> <p>During the discussion of this item it was suggested that the guidance for staff in respect of both Registers be reviewed to ensure it was as clear as possible, and that the processes for making declarations also be reviewed to ensure they are as visible and accessible as possible.</p> <p>Mr Stringer concurred that a piece of work should be undertaken and brought back to the Committee to ensure the policy was being adhered to and appropriately policed. Mr Sargent and Mr Westwood agreed to discuss further outside of the meeting.</p> <p><b>RESOLVED:</b> It was noted that an update report on the work requested in connection with the effectiveness of the Registers of Interests and Gifts and Hospitality be brought to the next meeting..</p>	PW/AS
14/2013	<p><b><u>Issues of Significance Arising from Board Assurance Committee</u></b> The Chair said that in the absence of Mr Vanes he was not aware of any matters that needed to be raised at today's meeting following the Board Assurance Committee meeting.</p>	
15/2013	<p><b><u>Any Other Business</u></b> Mr Stringer advised the Committee for information purposes that an external organisation had been engaged to conduct a review of the Governance within the Trust. This review may also include looking at current committee structures. This was noted by members and Mr Holder asked for an update at the next meeting of the committee.</p>	KS
16/2013	<p><b><u>Date and Time of Next Meeting</u></b> Joint meeting with Board Assurance Committee on Thursday, 25 April 2013 at 12.30 pm in the Conference Room, Hollybush House.</p>	