

Minutes of the Audit Committee

Date Thursday 26 February 2015
Venue Conference Room, Hollybush House
Time 9.00 am

Present:	<u>Name</u>	<u>Role</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
In Attendance:	<u>Name</u>	<u>Role</u>
	Mr Kevin Stringer	Chief Financial Officer
	Mr Richard Bacon	PricewaterhouseCoopers
	Mrs Natalie Shaw	PricewaterhouseCoopers
	Mr G Palethorpe	Baker Tilly
	Mr M Gennard	Baker Tilly
	Mr Paul Westwood (part)	Coventry & Warwickshire Audit Service
	Mr Paul Smith (part)	Security Manager
	Ms Sandra Ness	Deputy Chief Financial Officer
	Mrs Nicola Williams	Personal Assistant to the Chief Financial Officer (minute taker)
By Invitation:	Ms C Etches (part)	Chief Nurse

Due to new membership of the committee round the table introductions took place. The Chair welcomed M Gennard who replaces G Palethorpe as the Head of Internal Audit at Baker Tilly, when G Palethorpe leaves at the end of March. The Chair thanked G Palethorpe for his work and contribution and wished him well for the future.

Item No		Action
1/2015	<u>Apologies for absence</u> None	
2/2015	<u>Minutes of the previous meeting held on 4 December 2014</u> The committee approved the minutes of the Audit Committee meeting held on the 4 December 2014.	

Item No		Action
3/2015	<p><u>Audit Committee Action Points</u> The committee reviewed the list of Action Points, and the following observations were made:-</p> <p><u>60/2015 External Audit Plan 2014/15</u> K Stringer confirmed that the Audit Commission had been contacted with regard to auditing of the Quality Account, although the Committee noted that given the current changes to the Audit Commission, it would be unlikely to receive a response. R Bacon confirmed it was now the responsibility of NHS England to decide on the auditing of the quality account, although there hadn't been any guidance issued. Following discussion it was agreed that K Stringer and R Bacon should take forward a review of the Quality Account using the same terms of reference as the previous year. G Palethorpe indicated that NHS England may include an element on RTT as had been done with Foundation Trusts and agreed to input from the work Internal Audit had already done on RTT.</p> <p><u>70/2014 Annual Review of External Audit and Key Performance Indicators</u> K Stringer circulated the suggested Key Performance Indicators supplied by PwC. There was agreement to use the suggested KPI's and this would take place after the audit of the 2014/15 accounts had been conducted.</p>	<p>K Stringer/ R Bacon/ G Palethorpe</p>
4/2015	<p><u>Declaration of Interest</u> The Non-Executive Directors declared a conflict of interest to item 14, Analysis of Staff Payments. No other interests were declared at this meeting.</p>	
5/2015	<p><u>Quality Governance Assurance Committee (QGAC)</u> The Chair Introduced the new format to the agenda, summarising that greater importance is being given to audits and assurance required to support the work of the Quality Governance Assurance Committee and the Finance and Performance Committee.</p> <p>J Anderson presented the report from the Quality Governance and Assurance Committee, highlighting that following a meeting with Internal Audit, a number of areas had been identified as possible areas for auditing but acknowledged that there was some crossover seen between Internal Audit and Clinical Audit.</p> <p>The key areas identified were:</p> <ul style="list-style-type: none"> • Handover arrangements/management of outlying patients for each department • Failure of e-discharge • Rigour of RCA's/STEIS and lessons learnt • Mini CQC visits to the wards/areas • Robustness of complaints/duty of candour <p>The Committee noted that the failing of the e-discharge target was largely down to shortfalls with IT. K Stringer advised that there is an IT Strategy in place and that some of the problems are due, however, to compliance reasons. The Committee agreed that a report on the delivery of the E-discharge target should be presented to the Finance and Performance Committee.</p> <p>Following discussion it was agreed that most of the key areas identified were already included in the Internal Audit plan 2015/16. G Palethorpe advised that the scope of audits already planned could be widened to include the key areas identified.</p> <p>RESOLVED: The Committee noted the report.</p>	<p>K Stringer</p>

Item No		Action
6/2015	<p><u>Finance and Performance Committee (F&PC)</u></p> <p>M Martin presented the detail of the Finance and Performance Committee proposed audit topics for 2015/16, advising the Committee that as the key financial functions are already audited, that the proposed topics are focused on risks identified through the Terms of Reference of the FPC, and in particular focusing on financial and contractual performance.</p> <p>The key areas identified were:-</p> <ul style="list-style-type: none"> • Data Quality - RTT and cancer targets • Methodology of Service Line Reporting and whether this is value adding • WM LCRN - management and development of the research network contract • CIP - accountability within new divisional structure <p>G Palethorpe reported that the Terms of Reference of each audit are usually agreed through the operational management teams but for the areas identified by QCAG and FPC, the terms of reference would also be shared with the Chairs of these Committees.</p> <p>RESOLVED: The Committee noted the report.</p> <p>C Etches joined the meeting.</p>	
7/2015	<p><u>Board Assurance Framework</u></p> <p>C Etches circulated a briefing paper on the Board Assurance Framework risk monitoring and advised of the new reporting arrangements to Trust Board, mainly that it had been agreed that the Board Assurance Framework would be reported to Trust Board less frequently than currently, on a bi-monthly basis and that only a summary would be reported, which would include escalation of risks, new risks plus any gaps and actions.</p> <p>C Etches advised that as the sub-committee structure was now well established, the detail of the Board Assurance Framework and risks would be divided amongst sub-committees (TMC, FPC and QGAC) who would monitor and manage the risks assigned. The sub-committees would then give assurance to the Board.</p> <p>C Etches reported that currently new strategic objectives were being agreed and this would lead to new strategic risks being added to the board Assurance Framework. Once the objectives and risks had been agreed, it would need to be agreed what risk is assigned to each of the sub-committees.</p> <p>The Chair questioned how assurances would feedback to the Audit Committee. Following discussion it was agreed that assurances could be sought through the Chairs of F&PC and QGAC who attend the Audit Committee. It was recommended that the Chair of TMC should also attend Audit Committee to provide assurances on the risks assigned to TMC.</p> <p>G Palethorpe advised that the Audit Committee should not be concerned about the detail of the BAF. QGAC should retain the responsibility of reviewing the full BAF and Audit Committee should be seeking assurance that the reporting arrangements and management of risks and assurance is operating effectively.</p> <p>RESOLVED: The Committee noted the proposed reporting arrangements of the BAF/TRR.</p> <p>C Etches left the meeting at 10:15.</p>	K Stringer

Item No		Action
8/2015	<p><u>Internal Audit – Baker Tilly</u></p> <p><u>Internal Audit Plan 2015/16</u> G Palethorpe presented the Internal Audit Plan 2015/16, advising members that there had been engagement from the Executive Team and Chairs of the F&PC and QGA C with regard to identifying areas that required assurance.</p> <p>G Palethorpe referred members to Appendix A, detailing the area for audit, the executive lead and the scope of the audit. The Committee noted the proposed areas for audit and G Palethorpe asked if members could identify any significant omissions or areas that should not be included.</p> <p>The Committee queried how the audit plan of 285 days compared to the previous year. G Palethorpe confirmed that the 285 days was slightly more than the previous year but advised that the costs for 10 of those days were being met by the Research and Development Network.</p> <p>K Stringer asked what contingency had been factored into the plan. It was agreed that there appeared to be some duplication with the Cannock Hospital Data Quality which could be included in the RTT work in the plan. It was agreed to remove the Cannock work and use these days for contingency.</p> <p>The Chair questioned the audit of the major incident plan and how this relates to the Local Area Team (LAT). G Palethorpe responded that the audit scope would include how the major incident plan and team co-ordinates with the LAT.</p> <p>RESOLVED: That the Internal Audit Plan 2015/16 from Baker Tilly be approved.</p> <p><u>Internal Audit Progress Report</u> G Palethorpe presented the progress report to the committee providing an update on progress against the 2014/15 Internal Audit Strategy highlighting the following key points:-</p> <ul style="list-style-type: none"> • No negative opinions • Follow up reviews of the General Office and IG toolkit had shown there had been good progress • A&E audit revealed no evidence of systematic manipulation or failure to report • Recommendations were being delivered with 3 medium outstanding recommendations – pre-recruitment and on-going professional registration checks (2 medium) and consultants’ job planning (1 medium). • Overall annual opinion no significant failing <p>J Anderson referred to page 13, Complaints Management (26.14/15) and raised concerns around assurances being received with regard to how lessons learnt are taken forward. It was agreed that the QGAC need to question the corrective actions and lessons learnt though the reports brought to QGAC and escalate to Board if sufficient assurances are not received.</p> <p>G Palethorpe advised that the annual report would be presented to the next meeting of the Audit Committee.</p> <p>RESOLVED: That the progress report from Baker Tilly be noted.</p>	G Palethorpe

Item No		Action
9/2015	<p><u>External Audit – PricewaterhouseCoopers</u> R Bacon presented the External Audit Progress report to Committee members and confirmed that work was progressing as expected. R Bacon advised that PWC had been working closely with the Internal Auditors and the Trust finance team and no significant issues were identified. Clearly the MSFT transaction would be an area of detailed focus and the related assets, liabilities and the accounting treatment for the transaction would be carefully considered. R Bacon also advised members that the transfer to KPMG was going well and was confident that information would be ready for handover.</p> <p>RESOLVED: The External Audit Progress report was noted.</p>	
10/2015	<p><u>Losses and Compensation Payments</u> S Ness presented the report on losses and special payments for the period 1 November 2014 to 31 January 2015.</p> <p>The Committee noted the detailed analysis of the 29 cases for write off to the value of £3,284.47 authorised within Officers delegated limited.</p> <p>RESOLVED: The Committee noted the Losses and Special Payments as detailed in the report. This detail will be presented to the Trust Board at its meeting on 30 March 2015.</p>	
11/2015	<p><u>Standing Financial Instructions (SFIs) Authorised Signatory Update</u> S Ness presented the SF Is, bringing the Committee’s attention to the highlighted changes namely:-</p> <ul style="list-style-type: none"> • Authorisation of expenses for Non-Executive Directors/Chair and the Chief Executive • Cover arrangements at Executive Director level for exceptional circumstances • Workforce manager/medical workforce manager delegated signatory for removal expenses • Tightening of authorisation in respect of pay arrangements outside Agenda for Change/Trust Policy <p>The Chair questioned the removal expenses and whether monies were recoverable if an individual leaves the Trust following receipt of removal expenses. It was agreed that this would be looked into further with the removal expenses policy and details of the numbers involved circulated following the meeting.</p> <p>RESOLVED: The Committee noted and approved the Standing Financial Instructions. The report will be presented for approval at Trust Board in March.</p>	<p>S Ness/ K Stringer</p>
12/2015	<p><u>Counter Fraud – Coventry & Warwickshire Audit Services</u></p> <p><u>2014/15 Fraud Progress Report</u> P Westwood presented the Fraud Progress Report providing a summary against the Fraud Plan for 2014/15.</p> <p>The Committee noted that a Fraud Awareness Day had been held at Cannock. P Westwood advised members that the National Fraud Initiative matches had been released with 171 cases noted as being urgent/high priority cases requiring further investigation and a further update will be provided at the next meeting.</p>	

Item No		Action
	<p><u>Community Premises</u> P Smith reported that there had been some on-going work with West Park Hospital which had identified unsecured outbuildings, which had now been fitted with alarms.</p> <p><u>Security Alerts</u> P Smith reported one security alert from NHS protect regarding an individual posing a risk to NHS staff.</p> <p><u>Review of Incidents</u> P Smith summarised the review of incidents, comparing Quarter 3 2013-2014 to Quarter 3 2014-2015 and Quarter 2 2014-2015.</p> <ul style="list-style-type: none"> • Incidents of property lost, damaged or stolen down compared to the same quarter the previous year. • Incidents of violence or abuse were up slightly when compared to the same quarter the previous year. • Total of 7 incidents of theft of Trust property <p><u>Policies</u> P Smith advised that the ID card procedure is currently being reviewed as well as the ID card system, and a card has been identified that will work on both systems currently in New Cross and Community.</p> <p><u>CCTV</u> P Smith reported that the CCTV contract continues with KCR services. Capital work schemes have secured funding for additions to the CCTV system which has allowed upgrade to the CCTV system. P Smith advised that a capital bid for 2015/16 has been made.</p> <p><u>Performance of APCOA</u> P Smith advised that APCOA's contract was due for renewal on 1 March and the Trust were currently looking at all options such as bringing in house, renewing or sourcing from another provider.</p> <p>The committee noted that there was still no barrier to the multi-storey car park. P Smith responded that it was his understanding that work was due to commence across site on the car parking barriers and would include works on the a barrier for the multi-storey.</p> <p>It was noted that there were planned changes to the car parking at Cannock and P Smith agreed to look at the car parking arrangements and CCTV cover at Cannock.</p> <p>RESOLVED: That the quarterly report on security within the Trust be noted.</p> <p>P Smith left at 11.15</p>	<p>P Smith</p> <p>P Smith</p> <p>P Smith</p>

Item No		Action
14/2015	<p><u>Analysis of Staff Payments</u> K Stringer presented the report on Analysis of Staff Payments noting that the vast majority of Trust staff pay and expenditure is through payroll and follow nationally determined terms and conditions.</p> <p>K Stringer brought members' attention to the detailed report on temporary staffing arrangements. The Committee raised queries with regard to the variances in day rate and the processes for authorisation given the premium agency rates. KS agreed to investigate what processes are in place and will report back to the next meeting.</p> <p><u>Chair and Non-Executive Directors Pay</u> K Stringer reported that payments made to Chairs and NEDs in the last 5 years had been reviewed with reference to national Terms and Conditions. K Stringer confirmed that a number of payments had been paid back but advised that there were outstanding issues regarding payment made to a previous chair and also payments for attending consultant appointments, although noted that the payments were stopped in August 2014. It was also noted that the payments for attending consultant appointments affected NEDs whom are no longer employed by the Trust.</p> <p>The Committee felt that attempts should be made to recover the payments made to a previous Chair and the payments for attending consultant appointments, including the NEDs whom are no longer employed by RWT, as long as financially viable to follow up. K Stringer agreed to take forward with the CEO and Chairman.</p> <p>RESOLVED: The Committee reviewed the detail of the report.</p>	<p>K Stringer</p> <p>K Stringer</p>
15/2015	<p><u>Any Other Business</u> None.</p>	
16/2015	<p><u>Evaluation of Meeting</u> The Chair asked for comments as to how members viewed that the meeting had been conducted.</p> <p>The Committee agreed that the new format of the agenda was better and enabled good discussions.</p> <p>Member's felt that tabled documents should have been available to view before the meeting.</p>	
17/2015	<p><u>Date and Time of Next Meeting</u> A joint meeting of the Audit Committee and Quality Governance Assurance Committee will take place on Wednesday, 22 April 2015 in the Board Room, Clinical Skills and Corporate Services Centre.</p> <p>The next meeting meeting of the Audit Committee will be held on the 4 June 2015 at 9.00 am in the Conference Room, Hollybush House.</p>	