

Minutes of the Audit Committee

Date **Thursday 4 December 2014**

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
	Mrs Shauna Mallinson	Baker Tilly
	Mr Paul Westwood	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:	Dr Jonathan Odum (part)	Medical Director
	Ms Maria Arthur (part)	Head of Governance and Legal Services

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56/2014	<u>Apologies for absence</u> Mr Adrian Sargent – Trust Board Secretary, Mr Glen Palethorpe – Baker-Till	
57/2014	<u>Minutes of the previous meeting held on 4 September 2014</u> The committee approved the minutes of the Audit Committee meeting held on the 4 September 2014 with the exception of: <u>Page 2, 5 June 2014 25/2014 Counter Fraud – Coventry and Warwickshire Audit Services</u> C Brown confirmed that P Westwood was in the process of arranging face to face presentations. Five days had been retained for presentations at Cannock.	

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58/2014	<p><u>Audit Committee Action Points</u></p> <p>The committee reviewed the list of Action Points, and the following observations were made:-</p> <p><u>7.1 QGAC – Presentation of the Assurance Framework</u></p> <p>C Etches was unable to attend the meeting. The Chair reported that further discussions were due to be held at Trust Board around changes to the reporting of the Board Assurance Framework and Trust Risk Register, and advised that it is envisaged that the reporting of the Board Assurance Framework will be delegated amongst three separate committees and then reported to Trust Board on a quarterly basis.</p> <p>The Committee agreed that this item could be closed and removed from the list of ‘Action Points’.</p> <p>All other action points were covered under agenda items.</p>	
59/2014	<p><u>Declaration of Interest</u></p> <p>No interests were declared at this meeting.</p>	
60/2014	<p><u>Consultant Job Plans</u></p> <p>The Chair gave a brief overview of the Committee’s concerns regarding the progress being made with Consultant Job Plans and asked J Odum what assurances can be given on action being taken to address gaps in the Consultant Job Planning.</p> <p>J Odum advised that the current process of consultant job planning is failing largely due to being a paper based system, being rather time consuming and being a low priority given other issues in the Divisions, although everyone recognised that consultant job planning is an annual contractual arrangement. J Odum reported that only a small number, 35-40% of job plans have been signed off by Human Resources, although assured the Committee that every consultant would be working, and paid, according to a job plan.</p> <p>J Odum advised the Committee that it is envisaged that the use of an electronic system will improve the number of signed off consultant job plans. The electronic system, Equinity, is currently being piloted by four Directorates and if proven to be successful will be rolled out Trust wide.</p> <p>R Edwards asked what assurance there is that implementing the electronic system would mean that consultant job plans are completed. J Odum responded that the introduction of an electronic system had been successful with appraisals and that the same success is expected with consultant job planning.</p> <p>J Anderson queried that if the electronic system were to highlight that consultants were working more PA’s than what they were being paid for, whether this would be an additional cost to the Trust. J Odum responded that if this was the case, then there would need to be discussions between the consultant and Clinical Director about the number of PA’s that were required by the Trust with a robust discussion process to bring the matter to a conclusion, along with an appeal process, to be put into place.</p> <p>The Chair requested a follow up internal audit on Consultant Job Plans in April 2015.</p> <p>J Odum left the meeting.</p>	<p>G Palethorpe</p>

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61/2014	<p><u>Security Report</u> P Smith presented the quarterly report on security issues across the Trust, and highlighted the following areas of note.</p> <p><u>Capital Works within the Maternity Building</u> P Smith advised the Committee that the upgrade of the system had now been completed.</p> <p><u>Community Premises</u> P Smith reported that the prior security arrangements had been completely withdrawn with no effect on security.</p> <p><u>Cannock Chase Hospital</u> P Smith advised that the security arrangements differ slightly at Cannock with portering staff providing security. There had been some funding received from MSFT for additional training. The CCTV system is working effectively. The ID card access system at Cannock is on a much smaller scale than on the New Cross site and a business case would be compiled to integrate to one system.</p> <p><u>Security Alerts</u> There had been one alert received regarding an individual who did attend Cannock Chase Hospital without incident. He was later arrested when he attended County Hospital.</p> <p><u>Review of Incidents</u> P Smith summarised the review of incidents, comparing Quarter 2 2013-2014 to Quarter 2 2014-2015 and Quarter 1 2014-15.</p> <p>P Smith updated the Committee that further to the report of two thefts of Trust property in Quarter 1, relating to two iPad's, one had since been recovered.</p> <p>P Smith reported a total 114 incidents of violence or abuse. The Committee noted that the number of intentional assaults had increased compared to the previous quarter. P Smith advised that from the location of incidents, which had mostly occurred on A8 and C22 (care of the elderly and dementia wards), it would suggest that these incidents are in fact unintentional and as a result of medical conditions such as dementia. P Smith reported that it is sometimes difficult to judge between an unintentional and intentional assault.</p> <p>There was discussion around whether incidents of violence or abuse are under reported. P Smith reported that in his view that this is indeed the case and found that longer serving staff had become accustomed to the abuse and dealt with it as part of their jobs and that newer staff and students were more ready to report incidents. P Smith advised the Committee that he continues to promote the reporting of incidents and advised that there is a security awareness month during the month of December. The Chair expressed concern regarding the under reporting of incidents and asked members to think of ways to publicise. K Stringer responded that from other external companies, there were more visual deterrents, clear notices and cameras in areas of high incidents. R Edwards commented that as long as there is a consistent under reporting, and then this can be factored in when doing reports.</p> <p>In response to a question from P Westwood, P smith responded that very little can be done in the way of criminal sanctions in cases of violence or abuse as this will depend on the member of staff making a complaint, the police taking the complaint forward and the CPS carrying the complaint</p>	

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	<p>through. Sanctions are carried out with the yellow/red card system. P Smith advised that in cases of theft or damage criminal sanctions are easier to take forward.</p> <p>P Smith reported that there had been seven incidents of theft of personal property relating to thefts from communal changing areas and from cars in the multi-storey car park.</p> <p><u>Access to Multi-storey Car park</u></p> <p>P Smith reported that the installation of car parking barriers was in progress through the Estates Development Team. K Stringer informed the Committee that he had emailed the Head of Estates Development, M Goodwin, to ascertain a date for the barriers to be installed.</p> <p><u>CCTV</u></p> <p>P Smith advised that that the contract with KCR services was going well and that there was an engineer on site each day. There would be new additions to the CCTV system with the new capital projects.</p> <p><u>Performance of APCOA</u></p> <p>P Smith reported that there had been three disciplinary incidents of APCOA's staff resulting in two dismissals and a third resignation.</p> <p>K Stringer advised the Committee that there had been some additional security arrangements within the new Pharmacy Department with security bars being fitted to all ground floor windows and high risk second floor windows.</p> <p>RESOLVED: That the quarterly report on security within the Trust be noted.</p>	
62/2014	<p><u>Report on West Park Hospital Security</u></p> <p>P Smith presented the report on West Park Hospital Security following concerns raised over the level of security provision at West Park. P Smith reported that having reviewed the information from Datix, the number of incidents during the year is very low and on average there were two incidents a month, although recognises that there may be some under reporting.</p> <p>P Smith reported that from the information from Datix, that the majority of the incidents occurring are due to a medical reason such as dementia and given the type of incidents it would often be inappropriate to have a security response, as there could be a delay in responding and then not able to then not able to physically intervene and that an on-site security presence would be costly.</p> <p>P Smith advised that a way forward would be for staff to attend physical intervention training, which may be more beneficial to the staff at West Park. The information has been shared with the managers at West Park who are now ensuring that all incidents are reported on Datix.</p> <p>J Anderson questioned if the same approach could be taken as at Cannock whereby the porters offered security provision. However, P Smith responded that there are no porters over at West Park Hospital.</p> <p>P Smith, in response to a question by R Edwards, confirmed that the current arrangements are that staff call the police. P Smith advised that the police are happy to respond and reported that there is a good relationship between the Trust and the Police Neighbourhood policing teams and there have been discussions about what is required when attending to incidents at West Park.</p>	

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	<p>Unfortunately the security team are not able to get out and speak to all the police teams that may respond to an incident and it was discussed about the importance of staff being able to communicate to police teams in attendance, in order for police to act accordingly. P Smith agreed to liaise with staff at west Park regarding information relayed to police teams in attendance to incidents.</p> <p>RESOLVED: That the report on West Park Hospital Security be noted.</p> <p>Paul Smith left the meeting at 09:50.</p>	<p>P Smith</p>
<p>63/2014</p>	<p><u>Counter Fraud – Coventry and Warwickshire Audit Services</u></p> <p><u>Anti-Fraud Key Performance Indicators</u></p> <p>P Westwood tabled a report for consideration by the Committee on Anti-Fraud Key Performance Indicators. P Westwood advised that he had provided a list of potential Key Performance Indicators for use in 2015/16 and requested that the Committee considers how it monitors the work of the Local Counter Fraud Services.</p> <p>Following discussion, the Committee felt that the following were the top five performance indicators to be considered:-</p> <ul style="list-style-type: none"> • Delivery of planned days against actual days. • Time periods from the date of the referral to closure of a referral • The length of time from receipt of a referral to entry on NHS Protect Fraud Information Reporting System Toolkit (FIRST). • 48 hour response time for meeting key stakeholders where fraud is suspected after being requested by the Trust. • Investigation closure reports to be drafted and issued within two weeks of an investigation being brought to a close. <p>The Committee agreed that from April 2015 that these key performance indicators are to be monitored for inclusion in the report.</p> <p><u>14/15 Fraud Progress Report</u></p> <p>P Westwood presented the 14/15 Fraud Progress report detailing the following highlights:-</p> <ul style="list-style-type: none"> • Self-Review Tool – this had been completed and submitted to NHS Protect. • Presentations at staff induction continued and the face to face staff presentations were starting with the Estates and Catering Departments. • National Fraud Initiative had been actioned and the number of data matches were expected at the end of January/early February. <p>P Westwood advised the Committee that the proactive exercise on private patients had been completed by the Head of Internal Audit and the draft report is due to be issued in the next few weeks with recommendations. P Westwood reported that the investigation had found that no fraud had been committed but there was a requirement to tighten policies and remind staff of their responsibilities.</p> <p>The Chair questioned on what basis it was deemed that no fraud had been committed. In response S Ness confirmed that all but one debt had been settled. The investigation found that there had been a breach of policy rather than a deliberate attempt to defraud and therefore would be dealt with through Human Resources. S Ness reported that there had been further</p>	<p>P Westwood</p>

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	<p>issues highlighted and there was a need for some further work to be carried out with regard to the Overseas and Private Patient policies as well as guidelines on tertiary referrals and other internal referrals from healthcare professionals</p> <p>P Westwood updated the Committee on the open cases:-</p> <ul style="list-style-type: none"> • 2014-01 – not fulfilling contracted hours of duty – there was not enough evidence to pursue and case had been referred back to HR Department for disciplinary processes. • 2014-03 – compensation claim – not aware of this being pursued. Had contacted West Midlands Police who are looking into it. Compensation claim value of £0.5m. <p>RESOLVED: The committee approved the report.</p>	S Ness
64/2014	<p><u>Internal Audit – Baker Tilly</u></p> <p><u>Internal Audit Progress Report</u></p> <p>S Mallinson presented the Internal Audit Progress Report providing a progress update on the Internal Audit Plan 2014/15.</p> <p>It was noted that 13 reports had been finalised since the last meeting and the reports were mainly around the key financial systems.</p> <p>Members were referred to page 1 which provided a detailed summary of progress against the plan and noted the four reports in draft awaiting management responses.</p> <p>S Mallinson referred to page 3 and the changes to plan, highlighting the review requested of the A&E Department, the report of which is in the final stages. M Martin queried as to why this work was requested. K Stringer responded that this was in response to a letter that had been received regarding an allegation of incorrect recording of A&E waiting times and targets.</p> <p>The Committee noted the three high and three medium recommendations still open in excess of 6 months and S Mallinson confirmed that these are shared with the Executive Directors on a monthly basis.</p> <p>S Mallinson referred the Committee to Appendix A, Key Findings from Internal Audit Work, highlighting:-</p> <ul style="list-style-type: none"> • All the recommendations made had been agreed by management • Financial systems were reported positively • Concerns from Whistleblowing Audit – 98% of 84 staff said to be aware of what whistleblowing was although only 42% had said that they had read and understood the policy. <p>S Mallinson advised members that the last two recommendations in the Clinical Audit – Compliance with HQIP ‘Ten Simple Rules for NHS Boards’ that had previously not been accepted, had now been accepted by management. The Chair requested a follow up audit in 2015/16.</p> <p>The Chair questioned M Arthur with regard to MSFT Governance handover. M Arthur confirmed that although handover had happened late, there had been no major issues identified at this stage but any matters arising would be carried forward to the next meeting.</p> <p>RESOLVED: That the progress report from Baker Tilly be noted.</p>	<p>G Palethorpe</p> <p>M Arthur</p>

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65/2014	<p><u>External Audit – PricewaterhouseCoopers</u></p> <p><u>External Audit Plan 2014/15</u></p> <p>R Bacon presented the External Audit Plan 2014/15 to the Committee, which summarised the analysis of key risks, audit approach reporting, audit timetable and other matters. R Bacon confirmed that there had been no major changes to the way audit was carried out or in accounting practices.</p> <p>N Shaw drew the Committee’s attention to page 3 ‘relevant risks’ and explained that ‘auditing standards’ required to treat the following two fraud risks as significant:</p> <ul style="list-style-type: none"> • Management override of controls • Revenue and Expenditure recognition <p>N Shaw highlighted that in addition to these two risks that there was a further risk around the MSFT transfer which would require further additional work in 2014/15 to include reviewing the transfer agreement and working with MSFT external auditors.</p> <p>The Committee noted that there were no significant audit risks in relation to the value for money conclusion.</p> <p>Referring to page 4, members were asked if the threshold for reporting misstatements, which had previously been agreed at £100,000, should be increased. The Committee agreed that this should be increased to £250,000 in line with good practice.</p> <p>N Shaw referred to page 10, Proposed audit fees, highlighting the additional fee for MSFT work. The Committee noted that there wasn’t a fee for audit of Quality Accounts and R Bacon confirmed that currently there are no plans for this to be audited. R Bacon reported that NHS England are taking a new approach but did not have any further details of what that entailed or who would be undertaking quality assurance. K Stringer agreed to contact the Audit Commission regarding auditing of the Quality Account.</p> <p>RESOLVED: That the External Audit Plan 2014/15 be approved, and that the threshold for reporting unadjusted mis-statements be set at £250,000 (increased from £100,000 in 2013/14) for 2014/15.</p>	K Stringer
66/2014	<p>Board Assurance Framework</p> <p>M Arthur presented the Board Assurance Framework and Trust Risk Register to the Audit Committee noting that the report had previously been presented to Trust Board.</p> <p>The Committee discussed the plans to change the reporting of the Board Assurance Framework, the proposed plan being that the Board Assurance Framework is reported to Trust Board quarterly and that review of the Board Assurance Framework risks are delegated to each committee of the Finance & Performance, QGAC and Audit, for more progressive monitoring.</p> <p>The Committee agreed that there would need to be further discussion at Trust Board to understand the revised framework for reporting of the Board Assurance Framework.</p> <p>M Arthur left the meeting at 11.05</p>	

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67/2014	<p><u>Audit Committee Meeting Dates 2015</u></p> <p>The Chair presented the dates for the Audit Committee to meet in 2015.</p> <p>RESOLVED: The Committee noted the dates of the meetings in 2015.</p>	
68/2014	<p><u>Audit Committee Work plan</u></p> <p>The Chair brought members attention to the proposed work plan for 2015, highlighting plans for further changes in the future with closer co-ordination with the work of the Finance and Performance Committee and the Quality Governance Assurance Committee, noting that there may be some additional detail.</p> <p>RESOLVED: Members of the Committee approved the work plan.</p>	
70/2014	<p><u>Audit Committee Self-Assessment Checklist</u></p> <p>The Chair presented the results of the Audit Committee Self-Assessment checklist, highlighting the positive outcome to the survey and noting that it was good practice to self-assess the work of the Committee. The Chair advised the committee of plans to develop the agenda, such that greater priority is given to providing assurance and audits on the high risk elements of the Board Assurance Framework and that membership of the Committee may be developed as the Committee's work evolves.</p> <p>The Chair also highlighted that the Committee would require more specific assurance and audits of the performance metrics delegated to the Quality Governance Assurance Committee and Finance and Performance Committee. J Anderson, Chair of QGAC and M Martin, Chair of Finance & Performance Committee, agreed to meet with Internal Audit to develop the audit plan for 2015/16.</p>	<p>J Anderson/ M Martin/ G Palethorpe</p>
70/2014	<p><u>Annual Review of External Audit and Key Performance Indicators</u></p> <p>K Stringer advised the Committee that a proposal is being put forward for measurable Key Performance Indicators for external Audit. R Bacon agreed to send to K Stringer a checklist provided to all clients to evaluating performance by PwC, to help put together meaningful Key Performance Indicators. The suggested Key Performance Indicators will be brought to the February Committee meeting in preparation for accounts in April/June 2015.</p>	<p>R Bacon/ K Stringer</p>
71/2014	<p><u>Losses and Compensation Payments</u></p> <p>S Ness presented the report on losses and special payments for the period 1 August 2014 to 31 October 2014.</p> <p>The Committee noted the detailed analysis of the 30 cases for write off to the value of £7,636.91 authorised within Officers delegated limited.</p> <p>S Ness highlighted that there were two ombudsmen compensation payments and seven losses of patient property. S Ness advised members that the main bulk of the overseas debt related predominantly to one patient and is provided for within the accounts. The overpaid salaries related to termination forms not being completed in a timely manner and was highlighted by the recent internal audit report. The one incidence of loss of Trust property related to a sleep machine loaned to a patient that was not returned, the value of which is listed as £0.00, as the</p>	

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	<p>machine was fully depreciated. The Clinical Equipment Record Library has tightened up processes around the loaning and return of equipment.</p> <p>The Chair asked about loss of patient property and what checks are made that the patient had the item in the first place. S Ness responded that there had been a recent internal audit on patient property and relied upon compliance with completing the patient property forms.</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 26 January 2015.</p>	
72/2014	<p><u>SFI Authorised Signatories and SO Update</u></p> <p>S Ness presented the Standing Orders updated document, bringing the Committee's attention to the highlighted changes. Members agreed to consider the changes and to feedback comments to S Ness.</p> <p>S Ness brought the Committee's attention to the Standing Financial Instructions and highlighted changes to the signing of income contracts with NHS commissioners separately from those for expenditure contracts with commercial suppliers. S Ness advised that the new arrangements are explicit in that smaller contracts are signed under delegated authority whilst bigger projects, with significant income, will be signed off by the Trust Board.</p> <p>S Ness referred the Committee to the interim arrangements for Charitable funds.</p> <p>RESOLVED: The Committee noted and approved the Standing Financial Instructions. The report will be presented for approval at Trust Board in January.</p>	All
73/2014	<p><u>Issues of Significance Arising from the Quality Governance Assurance Committee</u></p> <p>J Anderson as Chair of Quality Governance Assurance Committee (QGAC) provided the Committee with a brief update of issues from the integrated performance report and from the Quality Standards Action Group from October as follows:</p> <ul style="list-style-type: none"> • Safety thermometer remains high at 95% • Reduction in urinary catheter infections seen with the up-skilling of the catheter team for early removal of urinary catheters. • Medication errors have been removed from the Quality report as requires further clarification. • Significant RTT back log of waiting patients, not helped by the closing of wards due to Norovirus. • Sickness absence rising and further information has been requested. • Concerns about information governance breaches. Information Governance training to be a focus for improvement. • Best practice work stream set up to improve end of life care. The emphasis is on personalised care. Seven day palliative care service to be agreed and specific mandatory training to be considered. • QCAC to consider which performance indicators might be independently audited. <p>RESOLVED: The committee noted the verbal update for assurance.</p>	
74/2014	<p><u>Evaluation of Meeting</u></p> <p>The Chair asked for comments as to how members viewed that the meeting had been conducted.</p> <p>Members felt that there had been some useful discussions and in particular a good discussion around consultant job plans.</p>	

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	<p>The Committee's view was that too much time was spent going through some reports and that only highlights should be discussed at the meeting. Members suggested that the Chair take the lead on ensuring representatives concentrated on the highlights of their reports.</p>	<p>Chair</p>
75/2014	<p><u>Any Other Business</u> None</p>	
76/2014	<p><u>Date and Time of Next Meeting</u> The next meeting of the Audit Committee will be on Thursday, 26 February 2015 in the Conference Room, Hollybush House.</p>	