

Minutes of the Audit Committee

Date Thursday 4 September 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

In Attendance:

<u>Name</u>	<u>Role</u>
Mr Kevin Stringer (part)	Chief Financial Officer
Mr Richard Bacon	PricewaterhouseCoopers
Mr Glen Palethorpe	Baker Tilly
Ms Carol Brown (part)	Coventry & Warwickshire Audit Service
Mr Paul Smith (part)	Security Manager
Ms Sandra Ness	Deputy Chief Financial Officer
Mrs Nicola Williams	Personal Assistant to Chief Financial Officer (minute taker)

Item No		Action
37/2014	<u>Apologies for absence</u> Mrs Rosi Edwards – Non-Executive Director, Adrian Sargent – Trust Board Secretary, Paul Westwood – Coventry and Warwickshire Audit Service	
38/2014	<u>Minutes of the previous meeting held on 5 June 2014</u> The committee approved the minutes of the Audit Committee meeting held on the 5 June 2014.	

39/2014	<p><u>Audit Committee Action Points</u> 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> G Palethorpe reminded the committee that this was regarding bringing the Assurance Framework to the Audit Committee as well as the QGAC although in a slightly different report that would focus on the assurances and confirmations rather than the details. It was agreed at the last Committee that K Stringer would speak to C Etches and progress on this item would be reported back to the September meeting. However, it was noted that as C Etches was on annual leave for the September meeting this would be brought back to the December meeting.</p> <p><u>7.2 KPIs – Counter Fraud</u> C Brown reported that there were no KPI's available and that P Westwood would take forward and discuss at the Regional team meeting in October and report back at the next meeting in December.</p> <p><u>25 February 2014 08/2014 Fraud Progress Report</u> C Brown advised the Committee that P Westwood was in the process of arranging face to face presentations and these would be undertaken now that the holiday period had drawn to a close. P Westwood will report back at the next meeting.</p> <p><u>25 February 2014 09/2014 Internal Audit – Baker Tilly – Progress Report</u> G Palethorpe reported that more narrative and explanation of opinions was already included in the report. He asked the Committee if there was anything further that needed to be added. The Committee concluded they were happy with the reports.</p> <p>The Committee agreed that this item could now be closed down and removed from the list of 'Action Points'.</p> <p><u>5 June 2014 24/2014 Security Report</u> P Smith confirmed that the security report compared the review of incidents by quarter to the equivalent quarter of the previous year but not over a period of 12 months. Future reports will have data over a 12 month period and the last quarter of the previous 12 months. CCTV and performance of APCOA to be discussed in the security report.</p> <p><u>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.</p> <p>P Westwood had met with K Stringer to discuss the open cases. As a result, one case had been closed.</p> <p>K Stringer reported that G Mordain, Deputy HR Director had confirmed that the agency, through</p>	<p>C Etches</p> <p>P Westwood</p> <p>P Westwood</p> <p>P Westwood</p> <p>P Smith</p> <p>P Westwood</p>
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	<p>which the Trust recruits from overseas, carries out full checks regarding qualifications, identity checks etc. and send copies of all information electronically for filing. The NMC also undertake their own checks prior to issuing a PIN number. J Anderson queried if this was the same for overseas locum doctors. K Stringer responded that this was a different matter. Locum medical staff are appointed through agencies and GMC numbers checked. G Palethorpe added that an internal audit had been conducted in the past which revealed robust processes for medical staff. S Ness also advised that the Trust were now using 247 for appointing locum medical staff and that G Mordain was involved in this project to ensure all HR requirements are met.</p> <p>The committee agreed that this item could now be closed down and removed from the list of 'Action Points'.</p> <p><u>5 June 2014 26/2014 Internal Audit – Baker Tilly</u> G Palethorpe advised that the Annual Report is not due until next April but details regarding the length of time for management responses had been included in the Progress Report.</p> <p>The Consultant Job Planning report was to be discussed as part of the Internal Audit Progress Report.</p>	
40/2014	<p><u>Declaration of Interest</u> No interests were declared at this meeting.</p>	
41/2014	<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 reported that that all equipment is in place and advised that implementation training is planned for September, with a go live date in October and test in mid October.</p> <p><u>Community Premises</u> P Smith advised the Committee that the prior security arrangements had been completely withdrawn with no effect on security.</p> <p>J Anderson raised the issue of West Park, and advised that at a recent walkabout the staff had informed her that they felt concerned about their safety. The Committee discussed the issues of security at West Park and felt that it was slightly different to the other community premises in that West Park was occupied over 24 hours. It was commented that the withdrawal of security had been consulted through Division 2 over a six to seven month period. The Committee agreed that there should be further discussion with the staff at West Park Hospital and requested P Smith to undertake this discussion and report back to the next Committee.</p> <p><u>Cannock Chase Hospital</u> P Smith reported that he was working with the TSA work streams to ensure smooth transition of</p>	P Smith

services and confirmed that although the security arrangements differ slightly at Cannock with portering staff providing security, the staff had received adequate training for Day 1.

Review of Incidents

P Smith summarised the review of incidents, comparing Quarter 1 2013-2014 to Quarter 1 2014-2015. Instances of violence or abuse overall have reduced. There had been seven incidents of theft, five of personal property and two of Trust property one of which related to an Ipad that was delivered but had been no trace of them since and is still being investigated. There had been one incident of damage to a wall and nine incidents to staff in a patients home which were all related to one patient. M Martin asked how the staff were being supported. P Smith responded that individual risk assessments are done on a regular basis, staff do not work alone and are issued with personal attack alarms. P Smith advised that this particular patient had been issued with a yellow card and was progressing through to a red card but had been identified as having mental health problems.

Policy Review Update

P Smith reported that the ID Card Policy is currently being reviewed. There will be 3 systems following the acquisition of Cannock Hospital. The ID access is limited at Cannock Hospital with currently only 12 doors having ID card access. The systems will be reviewed to decide whether Cannock Hospital moves to the New Cross Hospital or Community System before more ID access points are added.

CCTV

P Smith advised that the contract with Baydale had been terminated on 22 August 2014 and had been contracted to KCR Services with 12 months service with effect from 22 August. P Smith reported that they were confident with KCR. The Chair queried the added cost of the new contract and P Smith advised that this was £6000 per annum. P Smith also reported that the CCTV system is now 12 years old and requires replacement. He advised that he is working with Capital Colleagues and integrating the CCTV requirements with new builds.

Performance of APCOA

P Smith advised the Committee that capital funding had been approved for the replacement of car parking equipment and this would enable officers to spend more time of their tour of duty being proactive on security. The Committee queried as to when the Multi-storey car park would get access barriers as it was becoming clear that patients and visitors were now using the car park. P Smith advised that patrols were being done of the car park and he would take this query forward with Estates Development regarding fitting of barriers.

P Smith

The Chair asked P Smith to ensure that future reports were headed with the heading 'Security Report'. The Chair also queried what assurance P Smith could give that the figures were not under recorded across the Trust. P Smith responded that he could not give assurance that every incident was reported, but the Trust does encourage reporting of incidents.

P Smith

RESOLVED: That the quarterly report on security within the Trust be noted.

<p>42/2014</p>	<p><u>QA Security Report</u></p> <p>K Stringer presented the QA report and invited questions/comments.</p> <p>P Smith commented that the Trust had been audited but noted a trend throughout the report of amber rating for how we glean assurance from training. Improvement in this would require going back to staff once they had undertaken training or after an incident to see what had been retained and this was felt to be unworkable.</p> <p>Following a question from M Martin the Committee discussed the mismatch between the number of incidents and the generally low score for staff feeling safe and secure. It was felt that a question about staff safety and security should be included in the Chatback process. P Smith to discuss with Human Resources about possible security related questions to be included in the next round of the Chatback process.</p> <p>The Chair queried the following standards:</p> <p>3.6 Asset Management Policy In response S Ness confirmed that there is an Asset Management Policy but it is need of update which is currently being done by Estates Development and will go through normal Policy update procedure with Governance.</p> <p>3.14 Lockdown P Smith commented that the report suggests that the Trust should ensure lockdown process is in place and tested. He confirmed that the Trust is indeed locked down each night.</p> <p>Paul Smith left the meeting at 09:40.</p>	<p>P Smith</p> <p>S Ness</p>
<p>43/2014</p>	<p><u>Counter Fraud – Coventry and Warwickshire Audit Services</u></p> <p><u>14/15 Fraud Progress Report</u></p> <p>C Brown presented and 14/15 Fraud Progress report and gave an overview on P Westwood’s activities thus far and detailed the following highlights.</p> <p>Within the generic work area of Inform and Involve, staff induction continued, face to face presentations were being arranged now the summer holiday period had ended, the staff e-learning tool had been updated and counter fraud newsletter produced.</p> <p>The National Fraud Initiative exercise is due to take place. Staff are being notified and a notice put on the Trust’s Intranet. Data is due to be uplifted 6 October and reports will be available December. S Ness confirmed all was in hand from Trust Management in this regard.</p> <p>C Brown advised that P Westwood had been asked to undertake a proactive exercise with regard to treating family members. P Westwood had been in contact with the Medical Director and the</p>	<p>P Westwood</p>

	<p>investigation is currently ongoing. This was noted to be a complex case and the report would follow with Management agreed action on any recommendations arising.</p> <p>The Chair noted the number of ongoing cases and requested that a timeline be given against the actions to be completed.</p> <p>RESOLVED: The committee approved the report.</p> <p>C Brown left the meeting at 9:50.</p>	<p>P Westwood</p>
	<p>K Stringer had indicated that he would need to leave the meeting at 10:00 and the following matters of Any Other Business were dealt with at this juncture.</p> <p>Additional Payments for Non-Executive Directors</p> <p>The Chair queried whether this item would be brought to Audit Committee. K Stringer responded that that this would go to the next Remuneration Committee due to be held in September.</p> <p>Business Case for Obstetrics Facility</p> <p>K Stringer advised that this would be going to Trust Board in September.</p>	
<p>44/2014</p>	<p><u>MSFT Current Audit Position</u></p> <p>The Committee were asked for views on whether transfer and post day 1 Internal and External Audit should be dealt with at Audit Committee or at the MSFT Project Board. Members felt that this should be dealt with through the Project Board and the Committee would have the opportunity to comment when audit plans become available. G Palethorpe confirmed that there should be clarity on the audit plans by the December meeting and an internal audit report provided on the position regarding outstanding actions from MSFT's internal audit team. These would be incorporated as appropriate in RWT's recommendation tracker and for the December meeting Internal Audit would have agreed the recommendations that need moving over to RWT.</p> <p>K Stringer left the meeting at 10.00 am.</p>	<p>G Palethorpe</p>
<p>45/2014</p>	<p><u>Internal Audit – Baker Tilly</u></p> <p><u>Internal Audit Progress Report</u></p> <p>G Palethorpe presented the Internal Audit Progress Report providing a progress update on the internal Audit Plan 2014/15.</p> <p>It was noted that four reports had been finalised since the last meeting namely:-</p> <ul style="list-style-type: none"> • 1.14/15 Clinical Audit – Compliance with HQIP 'Ten Simple Rules for NHS Boards' • 3.14/15 Study Leave – Compliance with Study Leave Policy • 4.14/15 Patient Property • 5.14/15 Consultant Job Planning follow up 	

The Committee were referred to page 1 which provided a detailed summary of progress and opinions.
G Palethorpe referred to page 2 and assured the Committee that he had continued to meet with K Stringer and with the new Integration Project Manager, S Mahmud, to identify and close any assurance gaps as part of the transfer of Cannock Chase Hospital. G Palethorpe also advised that he had met with the Chief Operating Officer of the R&D Network to review scope for giving assurance to the Audit Committee and to D Loughton as accountable officer.

The Committee's attention was brought to changes to the plan on pages 2 and 3:

- General office review had included work on patient's property and as there were still actions to be taken at an operational level, it was felt that the patient property review should be re-scheduled to November 2014.
- An external review of RTT had been carried out and it was proposed that this follow up audit is rescheduled for the Autumn.
- Contracting and Service Level agreement had been amalgamated.

The committee noted the 2 high and 3 medium recommendations that were overdue at the end of July 2014. S Ness reported that the 21.12/13 Community Equipment Stocks and 08.13/14 Step Down Care Process items had since been closed.

G Palethorpe brought the Committee's attention to page 4 detailing Internal Audit Performance and Management Response times.

The Committee noted the detail of the summary of the finalised internal audit reports.

Clinical Audit – Compliance with HQIP 'Ten Simple Rules for NHS Boards' (1.14/15)

Members noted that the report had made four recommendations, however management had chosen not to implement two of these (page 6). M Martin reported that given the recent discussions at Trust Board following the update report of Clinical Audit Activity, it was disappointing that recommendations had not been accepted and requested that the recommendations were relooked at. J Anderson concurred with the importance of planned clinical audit and of closing the audit cycle.

G Palethorpe and S Ness would feedback to K Stringer for escalation with Trust Directors.
G Palethorpe would support management to re-look at the Clinical Audit Strategy with regard to prioritisation, timetables and re-audits. The response will be reported back to the next meeting in December.

**G Palethorpe/
S Ness/
K Stringer**

Study Leave - Compliance with Study Leave Policy (3.14/15)

G Palethorpe reported to the Committee that the recommendations focus on ability to recover costs from leavers who have outstanding training and financial commitments by ensuring agreements are in place and supported by ESR. The recommendations have been accepted by management.

The Chair questioned the level of outstanding debt. G Palethorpe responded that this was not able to be identified, as debts are not being identified by managers as the person leaves, there is a risk

	<p>that these may not be billed, however, the financial value of these debts would not be material to the trust.</p> <p><u>Patient Property (4.14/15)</u> The Committee noted that the report relates to patient property on wards and recommendations have been accepted by management.</p> <p><u>Consultant Job Planning Follow up (5.14/15)</u> G Palethorpe reported that the follow up audit identified that management had indicated recommendations had been implemented but internal audit had found no evidence to support this. Therefore recommendations were re-opened and would need to be evidenced that fully implemented.</p> <p>There was some discussion around the process of consultant job planning and how it ties in with appraisal, the difficulties around additional activities, guidelines of what constitutes a PA and the need to ensure value for money for non-clinical activity and ensuring sufficient clinical activity. It was queried as to where the job plans were held and M Martin queried whether job planning software would be of help.</p> <p>The Committee discussed that the recommendations had been re-opened with the responsible manager being the Deputy HR Director, it was felt that it was unclear what role the Deputy HR Director would take in ensuring consultants job plans were completed and signed off and the Committee felt that the Medical Director should also be involved.</p> <p>The Chair commented that the Medical Director had previously given a positive view and queried exactly how many consultants were without a job plan.</p> <p>The Committee requested that the Medical Director should be invited to the next meeting of the Audit Committee to give a view of consultants job planning. It was also suggested that the percentage of job plans not available is reported to the next meeting.</p> <p>The Chair raised the point of STEIS recommendations following incidents. G Palethorpe confirmed that an audit of the complaints procedure was planned and that this would be broadened to include the implementation of follow up actions to incidents.</p> <p>RESOLVED: That the progress report from Baker Tilley be noted.</p>	<p>Dr Odum</p>
<p>46/2014</p>	<p><u>Charity Accounts & Annual Report</u></p> <p>S Ness presented the Charity Accounts and Annual Report which had been presented and agreed at the Charitable Funds Committee. The Annual report had been reviewed by PwC who were happy with the content. A few improvements were to be made on page 2 of the accounts on re-formatting income.</p> <p>J Anderson noted the healthy £3m in reserves and asked if this information should be published. It was noted that the Trust has to report this. R Bacon advised that any reserves held need to be justified and the Trust has a duty to be clear why reserves are being held. S Ness reported that</p>	

	<p>managers are encouraged to use funds and a number of meetings had been held with Managers to identify their 1 to 5 year plans for their donated fund areas. Also, that Ophthalmology had in fact used 40% of their funds but new donations had been received. S Ness also reported that as discussed at the Charitable Funds Committee, the Fundraising Manager is moving forward and putting together an overarching strategy to include the use, alongside the fundraising targets.</p> <p>There was discussion about the 'Message from Chair' and it was felt that this should be reviewed relating to positives around previous discussion and mention of the non recurrent restricted legacy receipt in the previous year. S Ness to discuss with the Chair of Charitable Funds Committee.</p> <p>RESOLVED: The Committee approved the Charity Accounts and Annual Report which will be presented to the Trust Board at its meeting on 29 September.</p>	S Ness
47/2014	<p><u>External Audit – PricewaterhouseCoopers</u> <u>Annual Audit Letter</u></p> <p>R Bacon presented the annual audit letter to the committee, bringing members attention to the following:</p> <ul style="list-style-type: none"> • Performance accounts and audit process strong • Annual report needed to be better planned • Emphasis on very significant CIPs target and need for continued vigilance • Internal controls are strong and there are no significant specific matters to be raised • Issued clear value for money opinion. <p><u>ISA 260 Charity Annual Accounts Report</u></p> <p>R Bacon gave a verbal report of the draft ISA 260 highlighting the following:</p> <ul style="list-style-type: none"> • Still awaiting receipt of outstanding confirmation letters from banks and investors • The 2 risks relating to override of controls and fraud in revenue recognition, which are mandatory risks. • There were no errors detected, judgements taken were appropriate and disclosure appropriate. The Representation Letter is standard. • Internal control tests are operating effectively. • Referred to financial performance that income had more than halved. <p>S Ness responded that this latter point related to income of £400k that had been received in the previous year for a specific purpose and not a decrease in general donated income. S Ness agreed that an additional note be included on the Income and Expenditure Statement.</p> <p>ACTION: R Bacon to send out audit report. Committee members to give recommendation to approve by email.</p>	S Ness R Bacon/all
48/2014	<p><u>Audit Committee Work plan 2014/15</u></p> <p>The Chair brought members attention to the work plan.</p> <p>RESOLVED: Members of the Committee approved the work plan.</p>	

49/2014	<p><u>Audit Committee Self-Assessment Checklist</u></p> <p>Members of the Committee discussed the Audit Committee Self-Assessment Checklist. It was noted that the checklist had two parts to it. It was felt that the Trust Board Secretary should complete Checklist One. Checklist Two would be sent out electronically and returned electronically to G Palethorpe by 31 October 2014.</p> <p>RESOLVED: checklist to be sent out electronically to Internal and External Audit, Non-Executive Members, Local Counter Fraud and the Deputy Chief Financial Officer for completion and returned by 31 October 2014.</p>	All
50/2014	<p><u>Losses and Compensation Payments</u></p> <p>S Ness presented the report on losses and special payments for the period 1 May 2014 to 31 July 2014.</p> <p>The Committee noted the detailed analysis of the 44 cases for write off to the value of £15,643.87 authorised within Officers delegated limited.</p> <p>In addition the Committee were asked to approve debts amounting to £55,056.97 which were outside officers' delegated limits. These debts related to loss of mattresses to the value of £12,500.00 and overseas debt of £42,556.97.</p> <p>S Ness advised members that the mattresses are thought to have been disposed of due to contamination without following correct procedure. J Anderson asked if the mattresses were being sent out of the hospital, for example care homes. S Ness responded that that isn't thought to have been the case, but processes around mattresses are being tightened.</p> <p>The Committee noted the detail of the overseas debt. J Anderson asked as to why there were two losses for one individual, and why the first loss wasn't picked up and paid for when the patient attended for the second time. S Ness responded that records did not always identify the patient in time and also, the Private and Overseas Team were not always notified in a timely manner. Additionally, if a patient presents in an emergency or births that the guidelines are that we treat and claim costs respectively. It was felt that there should be a robust system for ensuring patients are flagged as having debts when they present a second time. S Ness agreed to ask the Divisional Manager responsible for the Private and Overseas Patients Team to further review existing procedures in this regard. S Ness also, bought the new Home Office Guidelines to the attention of the Committee, and stated that a meeting had been held recently with the lead officer from the Department, where the Trust had been congratulated on being one of the few Trusts to recognise some level of overseas patients and formal write off of unpaid debt. The Chair requested a briefing paper on the Guidelines to be bought to the next Committee.</p> <p>RESOLVED: The Committee noted and approved the Losses and Special Payments as detailed in the report. This detail will be presented to the Trust Board at its meeting on 29 September.</p>	S Ness

51/2014	<p><u>SFI Authorised Signatories Update</u></p> <p>S Ness presented the SFI Authorised Signatories update bringing the Committee’s attention to the following updates:</p> <ul style="list-style-type: none"> • CRN signatories • Ability of budget managers to delegate sign off of certain payroll documents • Capital schemes delegated limit of £5m <p>RESOLVED: The Committee noted and approved the report. The report will be presented for approval at Trust Board in September.</p>	
52/2014	<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 from July, as follows:-</p> <ul style="list-style-type: none"> • Issues with performance with 18 week RTT in General Surgery, Orthopaedics and Max Fax • Emergency performed amazingly well with a 5% increase overall • BAF & TRR continue to improve in quality reassurances, staffing issues highlighted in wards A5,A6 and A7. • Health Assure Ward Monitoring reports are cumbersome reports and time consuming to complete. There will be some changes to be made in order to make them more user friendly. <p>RESOLVED: The committee noted the verbal update for assurance.</p>	
53/2014	<p><u>Evaluation of Meeting</u></p> <p>The Committee felt that the QA report was not well written. It was also noted that the Chair had tackled some challenging issues and ensured that the Committee was on track to deal with those.</p>	
54/2014	<p><u>Any Other Business</u></p> <p>None</p>	
55/2014	<p><u>Date and Time of Next Meeting</u></p> <p>The next meeting of the Audit Committee will be on Thursday, 4 December 2014 in the Conference Room, Hollybush House.</p>	