

The Royal Wolverhampton Hospitals NHS Trust

Minutes of the Audit Committee

Date Tuesday, 7 June 2011
Venue Conference Room, Hollybush House
Time 10.30 am

Present:

Name	Role
Keith Bryan (Chair)	Non-Executive Director
John Sharples	Non-Executive Director
Jeremy Vanes	Non-Executive Director

In Attendance:

Name	Role
Kevin Stringer (part)	Director of Finance & Information
Sandra Ness	Deputy Finance Director
Mark Jones	PricewaterhouseCoopers
David Patterson	PricewaterhouseCoopers
Mike Gennard	RSM Tenon
Alison Buick	RSM Tenon
Paul Westwood	Coventry & Warwickshire Audit Service
Paul Smith (part)	Acting Hospital Security Manager

Apologies:

Name	Role
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Item No		Action
1	<u>Apologies for absence</u> No apologies were recorded.	
	The Chairman requested that a brief round the table introduction took place due to the number of new attendees to the committee.	
2	<u>Minutes of Previous Meeting dated 24 February 2011</u> The minutes of the meeting held on the 24 February 2011, were agreed as a correct record following the minor amendment on page 8 point 9	

The Royal Wolverhampton Hospitals NHS Trust

Item No		Action
	<p>highlighted in red.</p> <p>RESOLVED: That following the agreed amendment, the minutes be approved as an accurate record of the last meeting.</p>	
4	<p><u>Security Report</u></p> <p>P Smith presented the Security Report to the committee for their information.</p> <p>K Stringer gave a brief overview as to why this report was being presented for the first time to the committee and advised this followed a query raised at the February meeting.</p> <p>The committee noted the detail of incidents reported between January – December 2010 being 65 in total with 35 incidents to-date in 2011 and noted incidents of significance for the period 2010/11 eg, burglaries and criminal damage. Of particular note was that the Trust had been successful in securing the prosecution of four offenders during 2010/11.</p> <p>At this point J Vanes queried the security arrangements for community staff that have transferred to RWHT, but remain at the Coniston House site. K Stringer confirmed that the building remained the property of the PCT and, therefore, security arrangements were the responsibility of the PCT. The Chairman advised that this was an area that needed to be looked at in more detail to ensure adequate security was in place for staff remaining at Coniston House. It was of concern that the management control of the security of RWHT employees lay outside of the RWHT management reporting structure. P Smith to discuss with D Loughton (Chief Executive).</p> <p>P Smith advised the committee that a work plan for 2011/12 was being developed to include a review of the following areas:-</p> <ul style="list-style-type: none"> • Lone working arrangements • Infant abduction prevention • Security audit on site • Controlled drugs and hazardous substances <p>J Vanes queried the security arrangements in the Maternity Unit as compared to fellow neighbouring acute Trusts and asked if the arrangements in place were sufficient. P Smith acknowledged that security personnel were no longer in place in the Maternity Unit, but had been replaced by reception personnel.</p>	<p>P Smith</p> <p>P Smith</p>

The Royal Wolverhampton Hospitals NHS Trust

Item No		Action
	<p>However, the committee noted that the number of security personnel on site had increased.</p> <p>The committee expressed their concern at these arrangements particularly when compared to similar sized Trusts who had a dedicated security member of staff allotted solely to their Maternity Units.</p> <p>The Chairman asked that a review be undertaken and the findings reported back to the next meeting of the committee. K Stringer asked if security issues were included in the £8.0 million capital programme development of the Maternity Unit and asked P Smith to liaise with the Acting Director of Estates Development on this issue.</p> <p>P Westwood asked if data was also collated on the number of staff verbally and physically abused on site by patients/visitors. P Smith confirmed that this information was also available, but not detailed in the report presented. K Stringer enquired if any prosecutions had taken place to which P Smith advised there were three last year.</p> <p>The Chairman asked that it should be noted that the management of the security staff used and the reporting arrangements are outside of the Trust (i.e. sub-contracted) and this may need to be reviewed.</p> <p>RESOLVED: The committee concluded that P Smith should attend future meetings.</p> <p><i>P Smith left the meeting.</i></p>	<p>P Smith</p>
3	<p><u>Matters arising from the Minutes</u></p> <p>The Chairman addressed each action item arising from the minutes of the last meeting. After discussion the committee agreed that all actions had been implemented, with the following exceptions:-</p> <p><u>Page 2 – Internal Audit – RSM Tenon – Progress Report</u></p> <p>A Buick confirmed that the Chief Operating Officer (V Hall) was undertaking her own audit of selected consultant job plans and as yet had not seen the results. This would be picked up during the Summer with both HR and V Hall and would be reported back to the committee in the Autumn. The Chairman expressed his concern at the lengthy timescale for a review to be undertaken and asked K Stringer for his view.</p>	

The Royal Wolverhampton Hospitals NHS Trust

Item No		Action
	<p><u>Page 6, 2009/10 Quality Assurance Programme – Qualitative Assessment of Counter Fraud Arrangements</u> K Stringer advised the committee that he had reviewed the Counter Fraud Policy and could confirm that any suspected frauds should be reported direct to the LCFS in the first instance and not a member of staff's line manager.</p> <p><u>Page 7, Recommendation Tracking</u> K Stringer advised the committee that with regard to outstanding audit recommendations he would be taking a paper to the Executive Directors meeting tomorrow to discuss and also convey the committee's concerns.</p> <p>RESOLVED: K Stringer to take forward and action with Executive Directors on Wednesday, 8 June 2011.</p> <p><u>Page 8, Any other Business - 11.1 Payment by Results Data Assurance Framework</u> K Stringer advised the committee that this item would be addressed later in the meeting under '<i>any other business</i>'.</p>	K Stringer
3.1	<p><u>Staff Residences Report (reference Losses and Compensation Payments page 2)</u> S Ness presented to the committee the report on staff residences as requested at the February meeting of the committee. The committee noted the detail of the report in particular the lease arrangements for on site accommodation and the high level of occupancy.</p> <p>S Ness advised the committee that a full site strategy would be carried out reviewing the properties on site to ensure full utilisation. It was noted that in 2007 a number of properties were sold off and that this further review was part of the strategy to continue to review on site accommodation.</p> <p>RESOLVED: The committee noted the report.</p>	
7	<p><u>External Audit – PricewaterhouseCoopers</u></p> <p>7.1 <u>ISA 260</u> M Jones presented the ISA 260 report to the committee and advised that it was envisaged that an unqualified audit opinion on the Trust's financial statements and an unqualified conclusion on the Trust's use of resources</p>	

The Royal Wolverhampton Hospitals NHS Trust

Item No		Action
	<p>Appendix 1 (page 22) to the report. It was agreed the Trust would not alter the accounts for these two issues.</p> <p>The committee noted that in regard to the management representation letter referred to on page 10 this would be discussed under <i>'any other business'</i> at the end of the meeting.</p> <p>M Jones advised the committee that with regard to the <i>'Use of Resources'</i> section (page 12) this had been treated differently this year to assess the Trust's arrangements to secure efficiency, effectiveness and economy. It had not been a requirement to provide a scored judgement for the criteria as in previous years, but in line with Audit Commission guidance for 2010/11 the conclusion was based on two criteria. Therefore, a local programme of audit work was undertaken based on a risk based approach.</p> <p>The committee referred to page 20 of the report <i>'Fees Update'</i>. M Jones referred to the February meeting of the committee when the original fee proposal was presented in the Audit Plan and advised that he was pleased to report that the additional work as detailed would be undertaken at no additional cost. The committee noted the revised fees.</p> <p>The committee referred back to pages 18/19 – <i>'Review of Reference Cost Data Quality'</i> and queried the Trust's performance as being noted as 'adequate' against the four areas assessed namely:-</p> <ul style="list-style-type: none"> • Engagement; • Activity Reporting; • Approach to Costing; and • Data Capture Systems <p>K Stringer advised that this work related to the PbR document entitled <i>'Performance Framework'</i>, and advised the committee that this was being discussed at the Board Development Session on Monday, 13 June 2011.</p> <p>J Vanes concluded that he was happy with the report and asked that his personal thanks be passed on to the Finance team these comments were reiterated by the Chairman.</p> <p>RESOLVED: The committee noted the report.</p>	<p style="text-align: right;">K Stringer</p>

The Royal Wolverhampton Hospitals NHS Trust

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5	<p><u>Annual Accounts 2010/11</u></p> <p>5.1 <u>Going Concern</u> K Stringer presented to the committee the 2010/11 Going Concern position statement and advised there were no issues of any significance to report. The committee noted the detail in the report and concurred that there were no issues facing the Trust that prevented the conclusion that it was a Going Concern.</p> <p>RESOLVED: The committee endorsed the Trust as a Going Concern.</p>	
5.2	<p><u>Trust Annual Report & Accounts 2010/11</u> K Stringer presented the Annual Report and Accounts for 2010/11 to the committee for approval and advised he was happy to take any queries or issues.</p> <p>The Chairman advised that he had identified several areas of the narrative (not the accounts themselves) that needed amendment, however, S Ness advised that since the report had been issued several changes had been made to the text that may address these areas.</p> <p>Detailed below are amendments agreed by the committee:-</p> <p>Page 6 – Performance Overview 2010/11 end of paragraph the words ‘<i>and Governors</i>’ to be deleted.</p> <p>The committee also suggested a section should be inserted on Dementia Services.</p> <p>Page 19 – Trust’s Governing Body second sentence query 700 members should in fact be 7000.</p> <p>Page 21 – Pen Portraits the Chairman requested that under his portfolio the responsibility of Chair of the Audit Committee be added. J Vanes advised his portfolio was incorrect and undertook to provide revised text.</p> <p>Page 30 – Recognised Diversity - Workforce table – line 7 query description ‘<i>mixed white</i>’.</p> <p>Page 34 – Review of the pensions benefit number for the Chief Executive.</p>	

The Royal Wolverhampton Hospitals NHS Trust

Item No		Action
	<p>Page 35 - third paragraph wording to be reviewed.</p> <p>Page 36 – Table 4 to include line regarding ‘<i>disputed invoices</i>’.</p> <p>Page 37 – Staff sickness Absence to add value to the two lines to be identified by line A and B.</p> <p>Page 41 – Statement of Changes in Taxpayers’ Equity text should read for <i>financial year 2010/11 and not 2009/10</i>.</p> <p>The committee advised that the aforementioned changes were to be made and then presented to the Trust Board for approval.</p> <p>RESOLVED: Approved subject to changes and to be presented to a future Trust Board meeting for approval.</p>	
5.3	<p><u>Annual Accounts for the year ended 31 March 2011 and Financial Summary of Year ended 31 March 2011 based upon draft Annual Accounts Submission</u></p> <p>K Stringer presented the Annual Accounts for the year ended 31 March 2011 to the committee for approval and advised that the Financial Summary report was for information purposes only.</p> <p>Following discussion and some minor editing issues the committee recommended approval of the Annual Accounts to the Board subject to the amendments discussed.</p> <p>RESOLVED: Approved subject to changes and to be presented to Trust Board for approval in June.</p>	
6	<p><u>Internal Audit – RSM Tenon</u></p>	
6.1	<p><u>Closure Report</u></p> <p>A Buick presented the Closure Report to the committee, which details three reports that have been finalised since the joint Board Assurance and Audit Committees (BAC/AC) meeting in April namely:-</p> <ul style="list-style-type: none"> • IT Financial Controls • Governance & Risk Management – Divisional & Directorate Process • Follow up of previous Internal Audit Recommendations 	

The Royal Wolverhampton Hospitals NHS Trust

Item No		Action
	<p>The Chairman expressed concern at the results of the survey and that staff were obviously not fully aware of the anti-fraud culture. Following discussion it was concluded that further work needed to be undertaken throughout the Trust and it may be necessary to rethink and redefine the delivery of the programme. K Stringer agreed with the committee that a more aggressive approach was needed in the delivery of the programme and undertook to meet with P Westwood to progress this issue.</p> <p>The committee referred to page 5 and the National Fraud Initiative exercise, which had been undertaken to identify and match staff data with participating bodies. The Chairman enquired about the 'creditors data' match of 1934. P Westwood reassured the committee that this was in fact a medium/low risk and that he was currently in the process of reviewing the matches and that feedback would be provided at the next meeting.</p> <p>RESOLVED: The committee noted the report.</p>	<p>K Stringer</p> <p>P Westwood</p>
8.2	<p><u>2010/11 Annual Counter Fraud Staff Survey Results</u></p> <p>P Westwood presented the findings from the Staff Survey, which is a requirement of NHS Protect (formerly known as CFSMS) that staff are surveyed on a regular basis.</p> <p>P Westwood advised the committee that the response had been very positive with 501 members of staff completing the survey. The findings indicate that there are definite areas of improvement needed and that training needs to be cascaded throughout the Trust. M Gennard suggested that if it was possible a way forward would be to identify the groups of staff that needed to be targeted.</p> <p>P Westwood referred to page 18 – 'Action Plan' and advised that this needed to be addressed with the Executive team. K Stringer agreed to action with P Westwood and bring the action plan back to the September meeting of the committee.</p> <p>RESOLVED: The committee noted the report.</p>	<p>K Stringer/ P Westwood</p>
8.3	<p><u>Draft Counter Fraud Work Plan 2011/12</u></p> <p>P Westwood presented the draft Counter Fraud Work Plan for 2011/12 to the committee for their approval.</p> <p>The committee noted on page 3 the recommended level of days against the set areas of activity contained in the work plan.</p>	

The Royal Wolverhampton Hospitals NHS Trust

Item No		Action
	<p>A total of 67.3 days with a 17.4 carryover of days from the 2010/11 plan.</p> <p>P Westwood advised the committee that the work plan had been discussed and reviewed with K Stringer prior to the meeting.</p> <p>RESOLVED: The committee approved the draft work plan.</p>	
8.4	<p><u>2011/12 Counter Fraud Progress Report</u></p> <p>P Westwood verbally updated the committee on work carried out to date against the Counter Fraud Work Plan, presented earlier in the meeting for approval.</p> <p>P Westwood confirmed that work continued on the delivery of staff presentations throughout the Trust. The committee noted that there had been three minor fraud referrals to date.</p> <p>P Westwood referred the committee to an ongoing case from last year when a member of staff was working whilst off sick. Following a full investigation the staff member when interviewed had given a full admission a case was now being prepared for prosecution.</p> <p>RESOLVED: The committee thanked P Westwood for the update on progress thus far.</p>	
9	<p><u>Internal/External Audit – Joint Working</u></p> <p>A Buick presented the joint working summary report to the committee for their information, which was duly noted.</p> <p>A Buick advised the committee that following the draft Audit Plan for 2011/12 which was approved at the joint BAC/AC meeting, external audit (PricewaterhouseCoopers) had suggested an editorial amendment regarding coverage of stocks and stores. This was discussed with K Stringer, but agreement reached that no change would be made.</p> <p>RESOLVED: The committee noted the report.</p>	

The Royal Wolverhampton Hospitals NHS Trust

Item No		Action
10	<p><u>Recommendation Tracking</u> K Stringer presented the recommendation tracking report to the committee for their information.</p> <p>The committee noted that there were twenty overdue recommendations that had not achieved their original implementation date on the tracking system. K Stringer reiterated as discussed earlier in the meeting that he would be addressing this issue with Director colleagues.</p> <p>RESOLVED: The committee noted the report and the action being taken by K Stringer to resolve the issue.</p>	K Stringer
11	<p><u>Losses and Compensation Report</u> S Ness presented the Losses and Compensation Payments report, which covered the period 25 February to 25 May 2011.</p> <p>The committee noted that there were 17 cases of loss totalling £16,950.28, which have been written off by K Stringer as per delegated authority. S Ness advised the committee that she had looked at the detail behind the private patients and overseas bad debt and confirmed the write off was due to the invoice being raised six months after treatment due to the information not being submitted to the Finance Department. S Ness advised that this was not acceptable and reassured the committee that she would be reviewing the process with the medical Director to ensure that early notification was received.</p> <p>With regard to the write off of the bad debt pertaining to the Research and Development Department of £6,682, S Ness advised that this matter had been taken up with the Research and Development Manager to avoid any further problems occurring in the future.</p> <p>RESOLVED: The committee approved the recommended write off of £6,682 and noted the debt of £16,950.28 which had already been written off.</p> <p><i>K Stringer left the meeting.</i></p>	
12	<p><u>Treasury Management Policy</u> S Ness presented the Treasury Management Policy and advised that in line with good practice it had been necessary to make some changes to the existing policy.</p>	

The Royal Wolverhampton Hospitals NHS Trust

Item No		Action
	<p>The committee noted that for ease of reference these changes were highlighted in green on page 4 of the report and referred to investments made with agencies other than GBS and the National Loans Fund.</p> <p>Following discussion the committee agreed to the limit being increased from £2m to £5m on the proviso that quarterly updates were provided in the Finance Board report.</p> <p>RESOLVED: The committee approved the proposed amendments to the Treasury Management Policy.</p>	S Ness
13	<p><u>Audit Code for NHS Foundation Trusts</u></p> <p>S Ness presented the Audit Code for NHS Foundations Trusts report to the committee for their information only.</p> <p>RESOLVED: The committee noted the report.</p>	
14	<p><u>Issues of Significance Arising from Board Assurance Committee</u></p> <p>J Vanes advised that there was nothing of any significance to report on particularly as a joint meeting of the two committees had taken place in April 2011.</p> <p>RESOLVED: The committee thanked J Vanes for the verbal update.</p>	
15	<p><u>Any Other Business</u></p> <p>15.1 <u>Data Quality Issues as part of the FT Application Process</u> The committee noted that the progress report presented related to item 11.1 'Payment by Results Data Assurance Framework' raised at the February meeting under 'Any other Business'.</p> <p>As the detail provided was quite substantial the Chairman recommended that the report be read out side of the meeting.</p> <p>RESOLVED: The committee undertook to read the progress report</p> <p>15.2 <u>Representation Letter</u> M Jones addressed the committee to ascertain if they were happy as members to put forward to the Board the Representation Letter as presented.</p>	

The Royal Wolverhampton Hospitals NHS Trust

Item No		Action
15.3	<p>M Jones drew the committee's attention to page 2 '<i>Financial Statements</i>' bullet point number 4 regarding uncorrected misstatements summarised at Appendix 1.</p> <p>M Jones referred to page 4 '<i>Property, Plant and Equipment</i>' and advised that the committee needed to read this page as it was referred to in the ISA 260. If additional assurances were required it was agreed that the committee would approach K Stringer.</p> <p>The committee agreed that any additional comments would be submitted direct to K Stringer.</p> <p>RESOLVED: Representation Letter accepted subject to any changes. To be presented to the June Trust Board meeting for approval.</p> <p><u>Fraud Awareness Month</u></p> <p>P Westwood referred the committee to a letter dated 31 May 2011 from NHS Protect regarding changes to the annual '<i>Fraud Awareness Month</i>' held in June. The committee noted the contents of the letter and the developments being put forward for a new format.</p> <p>RESOLVED: The committee noted the contents of the letter from NHS Protect.</p>	<p>Committee Members</p>
16	<p><u>Date and time of next meeting</u> Thursday, 8th September 2011 at 10 am in the Conference Room, Hollybush House, New Cross Hospital.</p>	

The Royal Wolverhampton Hospitals NHS Trust

CHAIRMAN'S SUMMARY REPORT

This summary sheet is for completion by the Chair of any committee/group to accompany the minutes required by a trust level committee.

Name of Committee/Group:	Audit Committee	
Report From:	Chair of Audit Committee – Mr K Bryan	
Meeting Date:	7 th June 2011	
Action Required by receiving committee/group:	<input type="checkbox"/> For Information <input type="checkbox"/> Decision <input type="checkbox"/> Other	
Aims of Committee: Bullet point aims of the reporting committee (from Terms of Reference)	<ul style="list-style-type: none"> Internal Control Internal Audit External Audit Financial Reporting 	
Drivers: Are there any links with Care Quality Commission/Health & Safety/NHSLA/Trust Policy/Patient Experience etc.	<ul style="list-style-type: none"> Links with External Audit/NHSLA and Monitor when authorised 	
Main Discussion/Action Points: Bullet point the main areas of discussion held at the committee/group meeting which need to be highlighted	<ul style="list-style-type: none"> Security arrangements for PCT premises provided by a third party organisation The income from private patients requires tighter control and better processes Staff feedback from counter fraud survey demonstrated staff not fully aware of anti fraud culture 	
Risks Identified: Include Risk Grade (categorisation matrix/Datix number)		