

# Minutes of the Joint Audit Committee & Quality Governance Assurance Committee 25 April 2018 4 June 2018

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Agenda Item No: 12.7

Minutes of the Joint Audit Committee & Quality Governance Assurance Committee

held on:

**Date** Wednesday 25 April 2018  
**Venue** Boardroom, G099, Building 12  
**Time** 1.00pm to 2.00pm

<b>Present:</b>	<b>Name</b>	<b>Role</b>
	R Dunshea <b>(RD)</b> (Chair)	Non-Executive Director
	M Arthur <b>(MA)</b>	Head of Governance & Legal Services
	J Brown <b>(JB)</b>	Internal Audit – Grant Thornton
	A M Cannaby <b>(AMC)</b>	Chief Nursing Officer
	R Edwards <b>(RE)</b>	Non-Executive Director
	D Hickman <b>(DH)</b>	Deputy Chief Nursing Officer
	M Martin <b>(MM)</b>	Non-Executive Director
	D Shariff <b>(DS)</b>	Senior Manager - KPMG
	J Small <b>(JS)</b>	Non-Executive Director
	K Stringer <b>(KS)</b>	Chief Finance Officer
	H Troalen <b>(HT)</b>	Deputy Chief Finance Officer
	K Wilshere <b>(KW)</b>	Company Secretary
<b>Apologies:</b>	<b>Name</b>	<b>Role</b>
	D Loughton	Chief Executive

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<b>1</b>	<p><b>Apologies for absence</b></p> <p>Apologies for absence were noted by the meeting.</p>	
<b>2</b>	<p><b>Declarations of Interest</b></p> <p>There were no Declarations of Interest.</p>	
<b>3</b>	<p><b>Minutes of the Previous Meeting</b></p> <p>RE asked for a correction to page 5, item number 5.4, 4<sup>th</sup> paragraph should read: <i>RD asked about the funds identified in the shortfall of running.</i></p> <p>The minutes of the meeting held on Wednesday 19 April 2017 were accepted as a correct version.</p>	
<b>4</b>	<p><b>Matters arising from the Minutes</b></p> <p>There were no matters arising from the minutes and the action log was updated as agreed.</p>	
<b>5</b>	<p><b>2017/18</b></p>	
<b>5.1</b>	<p><b>Internal Audit Annual Report and Annual Head of Internal Audit Opinion 2017/2018 – Joanne Brown (Grant Thornton)</b></p> <p>JB advised the meeting that this was in draft format and subject to final agreement of the last couple of reports which have been circulated in draft.</p> <p>The meeting noted the key points of the report where reasonable assurance over the overall adequacy and effectiveness of the organisations framework of Governance, Risk Management and Control based on the internal audit.</p> <p>MM queried page 4, where there are Report Conclusions <i>To Be Confirmed</i>. JB explained that:</p> <ul style="list-style-type: none"> <li>• <i>GP Vertical Integration</i> is with Sultan Mahmud for management comments but there are no high risk areas identified within this review.</li> <li>• <i>Maternity – IT procurement and management</i> – JB to confirm when this review was circulated for approval and closure. There are no high risk areas identified within this review.</li> <li>• <i>Waiting List Initiatives</i> – JB reported that she is expecting some high risks within this review. JB confirmed that she is hoping to get the draft report out this week. JB advised the meeting that the risks maybe around approving Waiting List Initiatives payments and the scrutiny of the payments, this was based on Grant Thornton’s sample testing.</li> <li>• <i>Cannock Business Case</i> – JB confirmed that she had spoken to Gwen Nuttall around the scope; work is now taking place this week and next week.</li> </ul> <p>The meeting was informed by JB that some of the delays are due to Grant Thornton commencing the reviews later than anticipated in terms of the timetable. JB assured the</p>	

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	<p>meeting that the reports will be available at the next Audit Committee at the end of May.</p> <p>MM asked JB if the partial assurance meant that there were some high risk areas, JB confirmed this. MM queried what the high risk areas are and mentioned that to date the Audit Committee had not seen the <i>Cash and working capital management report</i>. JB apologised for this and agreed to send the report to Anne-Louise Stirling for circulation to the Committee.</p> <p>MM raised concerns regarding a section of the report on page 7 which lists the weaknesses identified putting the Trust at risk. MM noted that there is more than just the high risks. MM commented that, in her opinion, this section of the report does not make good reading for the Trust. Following discussion it was agreed to remove Recruitment as the process is not a risk.</p> <p>MM raised concerns about Cash Flow being classed as a high risk as the two recommendations made are areas which MM would support Finance looking at; however, MM does not feel that Cash Flow is high risk. MM stressed to the meeting that the Trust have managed the cash exceptionally well this year and this is reviewed within the Finance &amp; Performance meeting and there is a programme of work in place. MM feels that high risk for cash management insinuates that the organisation does not pay this item any attention.</p> <p>The meeting discussed the report and it was agreed that once the report conclusions had been agreed, the section of the report on page 7 would be finalised. KS commented that the said section on page 7 and the statements below need to run in sync along with comments of actions being sorted need to be captured as well.</p> <p>It was agreed to discuss this report further at the May Audit Committee meeting.</p> <p>MA advised the meeting that Clinical Incidents and CQC sources of assurance audits both have partial assurance; MA reported that the Clinical Incidents issue was related to overdue SUI actions and this is being managed through the sub-groups. MA informed the meeting that there is one high rated risk recommendation and this relates to internal assurances being input related and not outcome related. DH added that it was also about consistence and how it was done across the organisation.</p> <p>Following a suggestion from KS regarding the correct wording to be used so the report conclusion is not misinterpreted JB agreed to review the wording when the report is finalised.</p> <p>The meeting accepted this report.</p> <p><b>Internal Audit – Progress Report – Joanne Brown (Grant Thornton)</b></p> <p>JB reported that this has been updated since the last Audit Committee meeting and this includes the compliance with policy and procedures, gifts, hospitality and conflicts of interest.</p>	<b>JB</b>
<b>5.2</b>	<p><b>Annual Governance Statement and the Annual Governance Report – 2017/18 – Keith Wilshire</b></p> <p>KW presented the draft Annual Governance Report, which forms part of the Statement to the meeting.</p>	

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	<p>KW advised the meeting that he was working on version 2.4, updates are still to be done and information is still being received. KW informed the meeting that work was about to commence in the process of cross referencing with the National Template and the National Guidance. KW reported that the Trust is where it is expected to be in regards to its internal timetable, despite having shorter time as in preparation and actual pulling together of the report.</p> <p>KW asked for the meeting to let him have comments outside of the meeting and he will ensure that they are included in future versions. The meeting discussed further the report and KW asked the meeting to forward comments to himself by Friday and agreed to circulate the most up-to-date report to the members on Friday. Comments on the updated version need to be with KW by close of play on Tuesday.</p> <p>RE queried how the QGAC section would be completed and MA confirmed that sections of the QGAC Annual Summary Report will be used in the above reports.</p> <p>KW assured the meeting that missing sections of the report are being chased daily.</p> <p>KW mentioned that a review of the structure and content of the Annual Governance Report was due. This was agreed around the table.</p> <p>KW presented the Annual Governance Statement to the meeting and confirmed that the statement forms part of the Annual Governance Report. KW commented that the Statement is lengthy and suggested that next year the structure and content is reviewed, this was agreed. Comments are requested by Friday with final comments on the updated version of the report by close of play on Tuesday.</p> <p>The meeting accepted the reports.</p>	
5.3	<p><b>Draft Internal Audit and Services Plan for 2018/19 – Joanne Brown (Grant Thornton)</b></p> <p>JB presented the above report and informed the meeting that the Audit Plan has been updated following the Committee’s comments at the last meeting with clarification in terms of the plan, Internal Audit Sponsors are and contingency around Pathology Developments and business case dependent on how it develops throughout the year.</p> <p>MM asked if the report could be reformatted to be in Quarter order as this would be easier to view and monitor. JB agreed to change this.</p> <p>MA mentioned that there are a couple of differences between the audit plan for 3 years and the audit plan for this financial year. It is indicated that the Risk Management strategy is not due to be done in this financial year but is indicated to be completed on the proposed internal audit plan. Also the Radiology reporting is due to be done on the internal strategic internal audit plan this year but is not indicated on the proposed internal audit plan for 2018/19. JB informed the meeting that following discussions with sponsors there was a bit of movement. JB suggested that she adds to the report the rationale of why some of the audits have been moved. This was agreed.</p> <p>RE asked if the following internal audit reports for 2018/19 will be reviewed at QGAC:</p> <ul style="list-style-type: none"> <li>• Information Governance Toolkit – quarter 2</li> <li>• Risk Management – quarter 2</li> <li>• Theatre Productivity – quarter 1</li> <li>• Whistleblowing – quarter 1</li> <li>• Governance – quarter 4</li> <li>• Safe Staffing (Risk 2080 – Risk to quality of patient care) – quarter 3</li> </ul>	<p align="center"><b>JB</b></p> <p align="center"><b>JB</b></p>

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	<ul style="list-style-type: none"> <li>• Estates (linked to various Health &amp; Safety / Fire risks on the Risk Register) – quarter 3</li> <li>• Clinical Strategy – quarter 3/4</li> </ul> <p>MM raised the point that a number of the internal audit reports should be discussed at Finance &amp; Performance not mentioned by RE. MM advised the meeting that they are not on the agenda because they go to Audit Committee. The meeting discussed the best way to monitor the Internal Audit reports. It was agreed that the internal audits should go to their specialised committees but still be monitored at Audit Committee. RD suggested the May meeting be used to discuss / focus on which internal audit reports go to which Committee.</p> <p>KW queried if he was the appropriate sponsor for the Whistleblowing and Governance internal audit plan. KW feels the Governance audit plan should have a Director as a sponsor.</p> <p>KW mentioned that he thought there would be a part 2 of the Conflict of Interest because there is now a new policy and new system. The agreement made was the new system would be reviewed at the end of this financial year and KW mentioned that this was missing from the plan.</p> <p>The meeting discussed Dr Odum being the sponsor of Information Governance toolkit and the sponsor of Safe Staffing should be Ann-Maria Cannaby. Capital Planning sponsor will be Kevin Stringer and Mike Shannon. It was agreed that Estate's sponsors will be Kevin Stringer and Gwen Nuttall.</p> <p>The plan would be resubmitted with the changes noted above to the May meeting of the Audit Committee.</p>	
5.4	<p><b>External Audit Interim Report – David Sharif (KPMG)</b></p> <p>DS presented a verbal update on the external audit interim report.</p> <p>DS explained to the meeting the reasoning behind a verbal report was due because it is a very busy period of the year for the company.</p> <p><b>Quality Accounts</b> – DS mentioned that testing had been completed around C-Diff and VTE and there does not seem to be an indication that the outcome of KPMG's work will result in anything different to what the Trust had last year. However, there will be some potential recommendations to the Trust.</p> <p>Understanding is being sought on the context of some of the Trusts controls and procedures around following up VTE patients particularly those who have not had their VTE assessment on admission within 24 hours.</p> <p><b>Financial Statements Audits</b> – KPMG started on site this week and DS announced that the Trust submitted their accounts on time; focus is around PP and Income. KPMG is aware, through the submission of the accounts, that the Trust has maintained its outstanding debtor of £4.8million with Wolverhampton CCG in respect of the 16/17 position A model in front of A&amp;E. DS recommended as nothing has happened to this in 17/18 financial year this debtor should be removed from the accounts. KS agreed to speak to DS outside of the meeting to discuss further.</p> <p>DH informed the meeting in regards to VTE last financial year, external clarification from the national body, the report came in late May from the Auditors; external confirmation</p>	

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	<p>was received in November / December. These considerations were taken through PSIG in terms of what it meant for the organisation and VTE has worked on the recommendations with a proposal that a revised data capture and reporting went live on the 1 April 2018. The testing has been completed on the old system and methodology, assurance is now sought that moving forward on the new methodology that there are no continuations of systematic errors that were identified last year. This work will be monitored by the VTE group and PSIG (known now as Quality and Safety Intelligence Group – QSIG).</p> <p>DS feels that KPMG are on track and have a clear timetable.</p> <p>The meeting accepted this report.</p>	
<b>5.5</b>	<p><b>Audit Committee – Review of Activities – Roger Dunshea</b></p> <p>RD presented the report to the meeting.</p> <p>Dr J Anderson to be added to the attendance list for July meeting only.</p> <p>The meeting accepted this report.</p>	
<b>5.6</b>	<p><b>Quality Governance Assurance Committee / Summary of Activities – Rosi Edwards</b></p> <p>RE presented the report to the meeting.</p> <p>RE highlighted to the meeting the change in Committee structure, QSAG and PSIG changing to Compliance Oversight Group and Quality &amp; Safety Intelligence Group. The first new format meetings took place in March and are working quite well.</p> <p>The meeting accepted this report.</p>	
<b>6</b>	<p><b>Other Items</b></p> <p>No other items to discuss.</p>	
<b>7</b>	<p><b>Evaluation of the Meeting</b></p> <p>Quick meeting, controlled well. Difficulty in reading large papers on BoardPad.</p>	
<b>8</b>	<p><b>Any Other Business</b></p> <p>There was no other business.</p>	
<b>9</b>	<p><b>Date and Time of Next Meeting</b></p> <p>The next meeting of the Joint Audit Committee and Quality Governance Assurance Committee will be convened in April 2019.</p>	

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**COMMITTEES ACTION SUMMARY REPORT**

ITEM	Action to be taken raised from the meeting	Lead	Committee Date	Review date	Update
5.1	MM mentioned that to date the Audit Committee had not seen the <i>Cash and working capital management report</i> . JB apologised for this and agreed to send the report to Anne-Louise Stirling for circulation to the Committee.	JB	25.04.18	May 2018	
5.3	MM asked if the report could be reformatted to be in Quarter order as this would be easier to view and monitor. JB agreed to change this.	JB	25.04.18	May 2018	
5.3	MA mentioned that there are a couple of differences between the audit plan for 3 years and the audit plan for this financial year. It is indicated that the Risk Management strategy is not due to be done in this financial year but is indicated to be completed on the proposed internal audit plan. Also the Radiology reporting is due to be done on the internal strategic internal audit plan this year but is not indicated on the proposed internal audit plan for 2018/19. JB informed the meeting that following discussions with sponsors there was a bit of movement. JB suggested that she adds to the report the rationale of why some of the audits have been moved. This was agreed.	JB	25.04.18	May 2018	

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Closed Agenda Items – To be removed at the next meeting

ITEM	Action to be taken raised from the meeting	Lead	Carried forward from	Committee Review date	Update
5.1	Following discussion regarding the draft reports, MG informed the meeting that these will need finalising by the Trust. The Chair asked for it to be noted as an action for Kevin Stringer to develop a timetable to finalise the draft reports	RD / KS	April 2017	April 2018	Completed
5.2	RD recommended to PA that the final paragraph in the new 5.1 (risks) could be restructured into bullet points to emphasise the financial risks faced by the Trust. This would help address the point made by DS.  RD enquired if historical data on table 3 of section 6: Information Governance could be inserted to compare if the figures are worse or better than last year as this is a critical part of the report  The AGS was in draft and the next version would be circulated for review by the Board and KPMG ahead of submission to NHSI.	PA	April 2017	April 2018	Completed
5.2	RD,JB and KS to meet to finalise the internal audit plan.	KS,JB,RD	April 2017	April 2018	Completed
5.2	RE asked for an explanation on the <i>Peer review process</i> bubble on page 19 stating <i>concurring Engagement Leader review process</i> . JB replied that this means that there is a relationship partner (another person within Grant Thornton) who oversees the internal audit and where there is a higher	JB	April 2017	April 2018	Completed

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	risk finding he is used to challenge to see if the correct advice is given. JB to clarify.				
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