

Item 6.1.1.1

Audit Committee

minutes

Minutes of the Audit Committee Meeting held on Tuesday 7th November 2017

Present:	Julian Farmer David Bricknell Nick Brooks Mark Jones Marion Savill	Non-Executive Director (Committee Chair) Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
In Attendance:	Sarah Blackwell Mark Jackson Georgia Jones Lucy Lavan Helen Martin Jennifer O'Brien Liz Pritchard Lesley Silcock Claire Wilson	Senior Internal Audit Manager-MIAA Director of Research & Informatics (Items 3.1 & 3.2 only) Audit Manager-Grant Thornton Director of Corporate Affairs Risk & Safety Lead (Items 3.1 & 3.2 only) Secretary Head of Leadership & OD and FTSU Guardian (Item 3.8 only) IM&T Audit Manager-MIAA Chief Finance Officer
Apologies for Absence:	Darren Sinclair	Non-Executive Director

	Action
<p>1. Apologies for Absence As noted above.</p> <p>2. Declarations of Interest Relating to Agenda Items None declared.</p> <p>3. Governance and Risk</p> <p>3.1 NICE Guidance Review (agenda item 3.6 refers)</p> <p>This paper provided the regular update seen by Audit Committee on the current position against NICE guidance published during April to September 2017.</p> <p>Appendix 1 of the paper provided the outcome of the initial reviews for the six month period April to September 2017 with the Director of Research & Informatics explaining that those not yet marked as green were with the appropriate divisions to determine the relevance.</p> <p>It was confirmed that a monthly report was submitted to each Division, although getting closure on certain guidance could be a lengthy process. In order to help facilitate this a recommendation was made to identify a single person in each Division who was responsible for NICE and would work with the Clinical Audit & Effectiveness Manager who would help guide the individual when compiling reports following the Divisional meetings in readiness for presenting in quarter four.</p> <p>Committee members were informed that the Trust was to provide a review of NICE and Clinical Audits undertaken in the last six months and present it at the Clinical Quality Performance Group Meeting in February 2018. A detailed list of what should be included in the review was provided in the paper.</p> <p>The Director of Research & Informatics confirmed he was satisfied with the progress made thus far, however he would await the direct feedback given by the Commissioners following the presentation in February 2018 to gauge how well the Trust was embedding best practice and improving patient care and experience.</p> <p>3.2 Risk Management Policy Audit (agenda item 3.7 refers)</p> <p>Audit Committee were informed of two important improvements that had been made to the management of the risk registers;</p> <ol style="list-style-type: none"> 1. Comprehensive 1:1 training with risk register owners by the Risk Manager 2. Software developments in Athena to enable real-time audit of risk registers <p>The paper and subsequent demonstration on the risk registers showed how the improvements made had significantly enhanced both the quality and utility of the registers.</p> <p>The results of the audit for the four divisions were provided on the</p>	

second page of the paper, showing the frequency that individual risk registers were reviewed in the Divisional Governance meetings.

Compliance with KPI's regarding risk register usage showed much improved results, although further work was still needed on the assurance KPI. It was noted that where applicable, all risks identified by MIAA, Quality Impact Assessment and CQC action planning were included on the relevant risk registers.

It was noted that where a high risk was added to the register an email was sent automatically to the relevant Divisional Head of Operations to make them aware of the addition to their register in order that they could monitor the progress and intervene if needed.

Recommendations for improvement included;

- A review on the work plans for the Divisional Governance meetings in order to ensure all risk registers received a twice yearly review. Thereafter, the schedule should be adhered to, to ensure that no register goes for longer than six months without a review.
- Further 1:1 tuition would continue between the Risk Manager and individual users as although much improved, the completion of assurances remained a big challenge.
- The auto audit function should be universally adopted and used to enable all users of the risk registers to identify where effort is required to maintain, and derive value from their risk register.

Mark Jackson and Helen Martin left the meeting.

3.3 Review Losses and Special Payments (agenda item 3.1 refers)

The paper provided the Committee with the losses and special payments recorded for the period July to September 2017, including the governance arrangements associated with these payments.

Full details were provided in appendix 1 of the paper with the below summary noted:

- No new losses and special payments were agreed during the period.
- There had been one payment for legal claims totalling £3,201 although this was below the provision held against this claim at the 2016/17 year end. There had also been one payment in the period relating to a historical permanent injury benefit totalling £1,747.
- Following a detailed review of aged debt, and after having taken advice from SBS debt collection, a total of 208 old low value

invoices had been written off to the Bad Debt provision with a total value of £16,089. The largest individual item written off was £250 and 141 of the items written off had a value below £100. Due to the age and low value it was considered not economically viable to chase this debt further.

- There had been 15 cases of credit notes being raised to write off billing errors where a provision had been made at the 2016/17 year end as part of the bad debt review. The charge to the bad debt provision for these credit notes totalled £21,321, with the greatest individual amount credited £8,143. The principal reason for credits raised was incorrect invoicing due to errors in invoice rates or activity levels.
- There was no individual expenditure which exceeded the £50,000 threshold requiring Board approval.

Audit Committee noted the write off of 23 invoices, originally issued to BUPA, where the individual value was greater than £1,000, totalling £109,047, with the invoices dating back to 2011/12. A full list of the invoices was provided in Appendix 2 of the paper with the summary noted as:

- £95,416 relating to 19 invoices where evidence had been provided that the invoices had already been paid.
- £12,098 relating to 3 invoices which were raised out of contractual timeframes.
- £1,533 relating to 1 invoice relating to an excess payment where liability sits with the patient but cannot be received given the time elapsed.

The Committee supported the write off of these debts.

3.4 Single Supplier Tender Waivers (agenda item 3.2 refers)

This paper provided the usual quarterly report to the Committee, showing 14 tender waivers raised in quarter two with a total value of £513k, full details of all waivers YTD were provided in appendix 1 of the paper.

The Chief Finance Officer stated there was nothing of concern to raise to Committee members. It would be noted that whilst all the medical equipment waivers listed showed items purchased from the existing manufacturer due to staff already being trained on these items, that a review of the tenders on certain items may be needed.

3.5 Compliance with Licence: Quarter 2 Review of Checklist (agenda item 3.3 refers)

The primary risk highlighted to the Committee related to the fact that there was still no national resolution to the tariff dispute for Wales, posing great financial risk to the Trust and the ability to deliver the Control Total. The Board of Directors would discuss the impact this would have on BAF and consider a recommendation to increase the

risk score of the principal risk relating to finance.

It was noted that the Trust was on track for regulatory compliance, and would continue to accrue income from Wales, as advised by NHS Improvement.

3.6 External Visit Register 2017/18 (agenda item 3.4 refers)

The contents of the 2017/18 register were noted with the Committee satisfied that the key assurances were reviewed at the appropriate Committees.

3.7 Government Procurement Credit Card Policy (agenda item 3.8 refers)

The paper proposed a change to the current Trust policy covering the use and management of Government Procurement credit cards. The Committee recommended approval of the revised Policy to the Board of Directors.

3.8 Freedom to Speak Up (FTSU) Policy Review (agenda item 3.5 refers)

A summary of the effectiveness of the Trust's FTSU Policy was provided to the Committee.

The policy provided information on the several methods of raising a concern the Trust had in place, with Non-Executive Director's asked to feedback any issues that are reported to them when they carry out their walkabout as an additional method.

The paper provided a very positive briefing to the Committee and showed that of all the staff who had raised a concern, 100% confirmed that they would speak up again.

It was also confirmed that LHCH had been praised on a national level for the FTSU work as the Trust was already carrying out many of the national recommendations and performing them at a level above that required.

Liz Pritchard left the meeting.

4. Internal Audit

4.1 Progress Report on Delivery of Plan

Since the previous Audit Committee the risk assessment review, charitable funds review and expenses review had all been finalised and received significant assurance. The key areas from the auditors work and the actions to be delivered by Trust management were provided within the report with Appendix A providing the categorisation of assurance levels and risk ratings, Appendix B showing performance against plan, and details of high level actions agreed with the Trust shown within Appendix C.

Concern was noted over the shortfall of income collected from the sale of pin badges and it was confirmed that a recommendation had been made to supply badges for resale only to the areas that had previously managed the process well, with the introduction and issue of appropriate guidance. Progress on the action plan would be reported at the Charitable Funds Committee in January 2018.

ML

The expenses review was a supportive piece of work requested by the Executives to assess the effectiveness of the process in place with regards to the employee expense system and to support the Trust with the development of the system and policy. Key areas agreed for action were shown on page 13 of the report with these due to be completed by December 2017.

The final report completed since the Audit committee in July 2017 was on cyber security and the effectiveness of the design and maturity of the technical elements of the organisations cyber defence framework. Six technical controls were assessed and whilst no level of assurance was given on this assessment due to the ever changing nature of cyber security, 3 areas scored 2-control fully implemented and 3 areas scored 3-control fully implemented and monitored.

Recommendations were made in each area, some of which were not accepted, although Managers did offer alternatives that MIAA accepted.

The importance of continually monitoring the delivery of the action plan was noted.

A concern was raised over the possibility that in the near future Microsoft may cease to support the version of Windows used by the Trust and therefore security updates would not be administered. The Chief Finance Officer as Executive Lead for Digital Systems would look into this.

CW

5. External Audit

5.1 External Audit Update Report

The regular progress report from the external auditors provided a high level outline plan of the 2017/18 work to be completed which included;

- Accounts Audit Plan
- Interim Accounts Audit
- Final Accounts Audit
- Value for Money (VfM) Conclusion
- Quality Accounts Audit
- Charity Audit

Emerging issues and developments that the Trust should be aware of were also included.

Assurance was given to Audit Committee members that the Audit would not be signed off if the external auditors were not comfortable

with the accounting practices adopted by the Trust.

6. Review of Audit Committee Work Plan

Committee members were satisfied that work was being carried out per the work plan schedule.

The January 2018 meeting date would be rescheduled for the 29th January.

JO'B

7. Minutes of Meeting held on 17th July 2017

Noted and approved.

8. Review of Action Log

Item 1-The CFO would provide an update on CTP-Costing Assurance Review in Quarter 3 at the January Audit Committee meeting.

A suitable time for the Non-Executive Director's costing training is still to be arranged in line with availability.

Item 2-Post survey report questionnaire to be seen at the January 2018 Audit Committee meeting.

Item 3-The three actions concerning risk registers were dealt with under agenda item 3.2. This action would be marked as complete and removed from the action log.

Item 4-It was confirmed that the action log responding to recommendations following the Community Admin Service Review had been circulated to Audit Committee members via email on 17th July 2017. This item would be marked as complete and removed from the action log.

The report on the review conducted by MIAA on the Trust's progress in answer to recommendations following the Community Service Review was due to be seen at the January 2018 Audit Committee

Item 5-It was confirmed that all the Non-Executive Directors and Executive Leads were mindful of the recommendations made following the Well Led Review and these did not need to be on the action log. This item would be marked as complete and removed from the action log.

9. AGS Issues

No AGS issues were raised.

An issue was raised over the quality of the papers/reports seen at the Board and various assurance committees, although no specific detail was given. This was questioned by the Director of Corporate Affairs as it was stated that all of the papers for both the Board of Directors and the Audit Committee were reviewed and quality assured by the appropriate Executive Director before distribution. Specific examples

were requested in order that these papers would be reviewed and corrective action taken.

It was also stated that the Board of Directors meeting had a standing agenda item 'Evaluation of Board Meeting' which welcomed any feedback or concerns that members may have. It was expressed that the Executives needed precise information when discussing any issues/concerns to allow solutions to be put in place.

It was agreed that an additional verbal standing agenda item would be added to the Audit Committee work plan to allow for any concerns to be raised in future.

JO'B

10. Date and Time of Next Meeting:

Monday 29th January 8.00-10.00am, Conference Room