

# Audit Committee

## Item 6.2.2b

# minutes

### Minutes of the Audit Committee Meeting

held on Tuesday 10<sup>th</sup> January 2017

<b>Present:</b>	Julian Farmer David Bricknell Lawrence Cotter Mark Jones Marion Savill	Non-Executive Director & Committee Chair Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
<b>In Attendance:</b>	Lucy Lavan Claire Wilson Cath Healey Mark Jackson  Helen Martin Dave Murphy Sarah Blackwell Dave Orme Jo Whittingham Jackie Bellard	Director of Corporate Affairs Chief Finance Officer Secretary Director of Research & Informatics (Items 6.1 & 9.1 only) Risk & Safety Lead (Item 5 only) Head of Digital Systems (Item 6.2 only) MIAA MIAA Grant Thornton Grant Thornton
<b>Apologies for Absence:</b>	None Received	

#### 1. Apologies for Absence

As stated above.

#### Action

#### 2. Declarations of Interest Relating to Agenda Items

There were no declarations of interest to record.

#### 3. Minutes of the Meeting held on 8<sup>th</sup> November 2016

The minutes were reviewed by the Committee and with the following minor corrections to Item 7.1 External Audit Update Report on page 6, paragraph 3 they were accepted as a true record of the meeting:

**Page 6, paragraph 3 would now read:** Quality report guidance would be provided to LHCH in January 2017. It was noted that Grant Thornton would test the proposed local indicator of 'Post-Aortic Surgery Follow-up Call' chosen by the Governors and advise whether the data was

sufficiently robust and to inform the limited assurance opinion for the 2016/17 Quality Report Audit.

#### 4. Action Log

##### **Item 1 - MIAA Report Follow-up**

Sarah Blackwell provided an update under Agenda item 7.2.

**Action:** Management report required for Audit Committee, March 2017.

LL/CW

##### **Item 2 - Risk Management KPIs**

**Datix:** A live demonstration of the Datix system was performed by Helen Martin Agenda Item 5 refers.

**KPI Dashboard:** Mark Jackson provided the Committee with an update Agenda Item 6.1 refers.

**Action:** This item would be marked as complete and removed from the action log.

##### **Item 3 - Consultant Job Planning Update**

This item was scheduled for review by the Committee in May.

**Action:** Item placed on Audit committee agenda for 30<sup>th</sup> May 2017.

#### 5. Datix Presentation

Helen Martin presented the Committee with a live demonstration of the Datix System and highlighted the positive aspects of the introduction of the system.

Datix is a web-based patient safety software for healthcare risk management applications. The program delivers the following safety, risk and governance elements through a variety of integrated software modules which enable the Trust to provide a comprehensive view of risk management activities:

- Incident, near miss and serious incident reporting.
- Patient relations.
- Malpractice claims management.
- Complaints management.
- Risk management.

During the demonstration Helen Martin highlighted the positive aspects of the introduction of the system, including:

- Secure record keeping as Datix is a paperless electronic system.
- Single system for all incident reporting.
- User friendly system with mandatory field settings/prompts.
- Incidents recorded via web page and managed by assigned managers (incident handlers).
- When investigation and action plans are complete, final approval will be processed by the Risk Management Department.

Helen Martin informed Committee members of the implementation program, including:

- During roll-out to ensure correct input of data daily quality checks are performed by the Risk Management Team.
- Datix reporting - all relevant staff undergo mandatory training for the correct use of the system; to assist with the learning and development the following systems had been put in place:

- Datix champions available to support training and problem solving.
- Guidance manuals and user guides had been produced and made available via staff intranet site.

Marion Savill enquired whether the points raised by CQC regarding improved reporting functionality had been addressed. Mark Jackson explained that strategies had been put in place, namely:

- Mandatory training.
- Laminated prompt sheets in wards and departments that contained specifics regarding incident reporting category definitions.
- Guidance documents for staff and managers on staff intranet.

Mark Jackson informed Committee members that incident handler training for the assigned managers had been instigated and would be on-going.

The Committee expressed their thanks for the presentation and Helen Martin left the meeting.

## 6. Internal Control and Risk Management

### 6.1 Risk Management KPIs

Mark Jackson presented the Risk Management KPI Dashboard paper to provide the Audit Committee members assurance of the effectiveness of the Risk Management Policy; the following points and risk indicators were highlighted:

- **Datix:** The Trust had completed the implementation of Datix which provided a much improved user interaction and reporting of incidents plus integration of incidents, claims, complaints and risk registers.
- **Three Red Indicators:** These included:
  - Near miss to adverse incident reporting rate - research showed that organisations with a good reporting culture had more near miss incidents than actuals reported; there was evidence to indicate that work was still required to improve the number of near miss incidents reported and training was on-going.
  - Open incidents by division - implementation of Datix had offered a self-service facility for managers and divisions to track open incidents and ensure incidents were dealt with in line with the 28-day NHS National Standard; senior staff reported annual planning as a significant mitigation for poor performance and had requested direct mailing for individuals with open incidents in excess of 28-day, which would be implemented from January 2017.
  - Incident reporting in year - increase of 38% noted since the introduction of the Sign Up to Safety campaign but incident reporting in year had not been in line with expectations. To resolve this issue Risk Management had collaborated with Informatics to introduce a new Ward / Department dashboard which aimed to improve the visibility of incidents and near miss reporting.

- **One Amber Indicator:** Recent audit to review local risk registers had demonstrated the understanding of the term 'assurance' as sub optimal; to resolve this issue the training effort would be on-going and the audit would be repeated in March 2017.
- **One Un-assignable Indicator:** Mark Jackson reported that it was not possible to RAG rate the risk gap score KPI until Datix implementation had been completed.

Mark Jackson concluded that with the exception of the above, the Risk Management KPIs were broadly on track and that the Risk Management Committee was focused on areas of underperformance.

The Audit Committee members noted the content of the report and the work that had been undertaken, concluding that the systems in place to manage risk were operating effectively.

## 6.2 Cyber Attack Risks

Dave Murphy presented the report paper to the Committee and advised that an update on the Trust's cyber security preparedness and readiness had been made in November 2016 at the request of the Executive Team; items highlighted in the paper included an overview of the following established controls:

- **Cyber Security Working Group** had been established.
- **Information Security Management Systems** were being tested through a continuous cycle of audits with findings presented to the Cyber Security Working Party.
- **Information Security Dashboard** had been developed as a tool to manage vulnerabilities in relation to individual devices and servers. The dashboard identified devices that did not meet required standards and any issues would be escalated to Informatics Merseyside for prompt resolution.
- **CareCERT Service** provided weekly alerts from NHS Digital which were monitored and actioned accordingly.
- **Firewalls** were in place to monitor and control incoming and outgoing network traffic.
- **Third Party Penetration Testing** had been undertaken and no critical vulnerabilities had been identified.
- **Sophos Security** all servers are protected with Sophos Anti-Virus.
- **Security Updates** automatic Microsoft patching is planned to be expended to all servers.
- **Access Controls** have been implemented to prevent unauthorised access.
- **Training and Awareness** program would be on-going; the second Cyber Security Awareness Campaign took place in December 2016.

The following on-going issues were brought to the attention of the Committee:

- **Shared Network & Current Configuration (Internal Threat)** due to the shared nature of the Trust's network and the current configuration implemented by RLBUHT there was risk that if an individual had physical access to a network point they may be able to connect an unauthorised device and scan for vulnerabilities. The

issue had been address and would be resolved by the replacement network project that commenced in December 2016.

- **Hacking (External Threat)** likelihood low due to the multiple security and firewall layers; the regular penetrative testing would help identify any new vulnerability.
- **Use of Personal Email** There is a risk associated with the permitted use of personal email via the Trust systems as these emails will not have been subject to the Trust's security measures. On-going Cyber Security Awareness Campaigns were aimed at reducing this risk.
- **Use of Personal Cloud Storage** There is a risk associated with the permitted use of personal cloud storage via the Trust systems as unsafe files may be accessed and infect the internal network. The Head of IT is seeking the provision of a permanent solution which may include LHCH cloud solution or the prohibition to access specific storage facilities.
- **Security Updates** automatic security updates for non-Microsoft software such as Adobe and Java is not possible and some 3<sup>rd</sup> Party Patching is currently out of date; software patching for both Adobe and Java had been addressed and are due to be resolved by February 2017.

Dave Orme reaffirmed the biggest threat to cyber security was the end user and that cyber security education specifically regarding malware is of major importance. The Committee members noted this was being addressed with the implementation of the Cyber Security Awareness Campaign.

Mark Jones enquired whether it would be possible for all Non-Executives to undergo the Cyber Security Awareness Training; Dave Murphy to organise the training session.

DM

Dave Orme provided a brief overview of the outstanding recommendations from Deloitte, Agenda item 7.2 refers.

The Audit Committee noted the content of the report and the work that had been undertaken and on-going measures to ensure Cyber Security;

## **7. Review Clinical Audit Plan & 6 Monthly Progress Report** (Agenda item 9.1 refers)

Mark Jackson provided the paper to show the progress made against the delivery of the Clinical Audit Forward Plan 2016/17 and to evidence the alignment of the clinical audit programme with the Trusts overall clinical strategy shown in Table 1 of the paper.

The Committee members were informed that the majority of mandated audit was progressing to plan but there were some areas where progress was behind schedule, including:

- The Department was concerned about the ability to sustain the data quality requirements in order to meet national audit deadlines for Q2. The team would be focusing on completing the data entry and quality checks in January 2017 to bring everything back in line.
- Staffing resources will be back to full complement by 1<sup>st</sup> February

2017.

- The Department was currently behind plan and were required to complete a consent audit and VTE audit (of non-compliance) and recording keeping audit in Q4; they are working with AMDs to obtain the clinical support required in order to achieve deadlines.

The Chair enquired whether any penalties would be applied if the audits were not completed in time; Mark Jackson reassured Committee members that no sanctions would be imposed as the audits were part of the internal Quality Assurance requirement and would be completed.

The Chair expressed thanks for the review paper which was beneficial for Committee members.

## **8. Internal Audit (Agenda item 7 refers)**

### **8.1 Progress Reports on Delivery of Plan (Agenda item 7.1 refers)**

The paper provided an update on the summary of work completed by MIAA with three reports finalised since the last Audit Committee included:

- Payroll Review.
- Data Quality Strategy Review.
- Follow up Report (discussed under Agenda item 7.2).

Significant assurance was given in respect of the payroll review where it was noted the Trust had key controls in place and that the contractual payroll arrangements with St. Helens and Knowsley Teaching Hospitals NHS Trust were operating as intended.

Sarah Blackwell informed Committee members that as a result of the Data Quality Strategy review it was determined that a well-defined strategy was in place which provided the Trust with significant assurance that the required data is reported effectively. It was noted that further work was required to fully implement the strategy and MIAA recommended a rolling programme of audits was established to enable the Trust monitor trends in data quality.

Two areas reported as work in progress which would be reported to the Committee on completion concerned the Combined Financial Systems and Cost Improvement Programme.

MIAA confirmed they were on track with the plan for the Trust.

The Audit Committee noted the content of the report.

### **8.2 Follow up Report (Agenda item 7.2 refers)**

Sarah Blackwell introduced the report to the Committee informing them that this work was completed to ensure any recommendations that were made to the Trust were completed on a timely basis.

It was confirmed that of the 36 recommendations:

- 15 had been implemented;
- 3 high level had been partially implemented;

- 13 medium level had been partially implemented;
- 2 low level had been partially implemented;
- 3 medium level had not been implemented, and
- 1 low level had not been implemented to date.

Section 3 of the report summarised all recommendations that had been reviewed and provided details of the current status of recommendations that had not been implemented, including:

- **Safe Staffing Levels** - the reporting methods for missed breaks and amendments to the E-Roster policy had been recommended.
- **Utilisation of BCP's** - two recommendations remained outstanding in regard to the conduct and attendance for the Emergency Planning Group and the training for emergency planning with ward/department managers. A revised deadline for February 2017 had been placed.
- **Private Patient Income** - actions outstanding were in relation to:
  - Private patient policy to be formally approved by the Trust Board.
  - Private legacy debt negotiations in relation for debt recovery needed to continue.
  - Risk register to be developed for Private Patient function.
  - Private Patient Operational group to commence and Terms of Reference to be formally agreed.
  - Private Patient Strategy to be formally approved by the Trust Board.
- **Data Security** - Dave Orme provided an overview of the IT implementations that were to be completed, including:
  - **Threat and Vulnerability Management** - the implementation for non-Microsoft security patching had been addressed and a revised deadline of February 2017 was provided by Dave Murphy (agenda item 6.2 refers).
  - **Technical Security IM&T** - the total number of recommendations that required follow up was 5; Dave Orme explained that the supplier contract with Civica required updating with a protective clause, Claire Wilson to follow up with the Procurement Team.
  - **Data Warehousing IM&T** - 1 recommendation had been implemented and 3 actions remain partially implements, Dave Murphy explained that the security issues relating to data warehousing would be resolved by the new implementation of the new system; resolution deadline June 2017.

CW

Committee members voiced their concern that a number of recommendations had not been dealt with in a timely manner and it was noted that some recommendations required evidence for case closure. It was agreed that Lucy Lavan and Claire Wilson would escalate all outstanding recommendations to the Executive Team reporting findings of the report to the Executive Group and Operational Board meetings.

LL/CW

The Audit Committee noted the content and thanked MIAA colleagues for the helpful and useful report. A management report would be provided at the next Audit Committee meeting on 20<sup>th</sup> March 2017. Mark Jackson and Dave Murphy left the meeting.

LL/CW

## **9. External Audit (Agenda item 8 refers)**

### **9.1 External Audit Update Report (Agenda item 8.1 refers)**

Jo Whittingham updated the Committee with the progress made against the plan up to December 2016 and stated the 2016/17 Audit Plan would be presented to the Committee at the next meeting in March 2017.

Committee members were informed that the Value for Money (VfM) work would be finalised before the end of April 2017.

The Committee was informed that Jackie Bellard would be leaving Grant Thornton before the next Audit Committee meeting and ensured members that a handover would be put in place to ensure a smooth transition and continuity.

Jo Whittingham informed Committee members that she would arrange a meeting outside the Audit Committee to follow up on LHCH finance department staff changes with Claire Wilson.

The remainder of the report was noted for information with the emerging issues summary detailing general matters impacting the NHS found helpful.

### **9.2 Letter of Engagement (Agenda item 8.2 refers)**

Jo Whittingham presented the Committee with a copy of the new Letter of Engagement and explained that all fees had been agreed during the tender process; the letter was pending final approval and sign off from the LHCH Council of Governors.

## **10. Governance**

### **10.1 Annual Audit Committee Self-Assessment**

(Agenda item 9.2 refers)

Lucy Lavan recommended that in view of the on-going Well Led review, the annual evaluation of the Audit committee be limited to:

- Follow up of recommendations from the 2016 self-assessment, and
- Effectiveness of the Committee in relation to matters such as attendance, reporting and delivery of Terms of Reference.

A desk-top review would enable this work and the Committee supported this. A draft report would be prepared and shared with the Committee Chair ahead of the next meeting.

### **10.3 Compliance with Licence: Review of Quarterly Checklist**

(Agenda item 9.3 refers)

Lucy Lavan referred the Audit Committee to specific areas of the checklist which included:

- **G5** - LHCH continued to be placed in Segment 1.

JW

JW/CW

JW

LL/CW



- **G6** - control total delivery and all performance targets on track at Q3.

There were no significant risks to compliance with the provider licence in 2016/17, although it was noted that negotiation continued with NHSI in relation to the 2017/18 control total.

#### **11. Audit Committee Work Plan 2016/17**

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

#### **12. AGS Issues**

The following items were noted;

- Data security;
- Risk Management KPIs;
- Outstanding Internal Audit recommendations.

**ALL**

#### **13. Date and Time of Next Meeting:**

Monday 20<sup>th</sup> March 2017, 1.00-3.00pm, Boardroom