

Audit Committee

Item 7.1.3b

minutes

Date of Meeting: Tuesday 24th February 2015

Time: 8.00am

Venue: LHCH Conference Room

Present: Ken Morris/Interim Non-Executive Director (Chair)
David Bricknell/Non-Executive Director
Lawrence Cotter/Non-Executive Director
Mark Jones/Non-Executive Director
Marion Savill/Non-Executive Director

In attendance: David Jago/Chief Finance Officer
Lucy Lavan/Associate Director of Corporate Affairs
Debbie Herring/Director of Strategy & Organisational Development
(Item 5.1 only)
Mark Jackson/Director of Research and Informatics (Item 7.5 only)
Jennifer O'Brien/Secretary
Jo Whittingham/Grant Thornton
Sarah Blackwell/MIAA

**Apologies for
Absence:** Jackie Bellard/Grant Thornton

1. **Apologies for absence**

As given.

2. **Declaration of Interest Relating to Agenda Items**

None raised.

3. **Minutes of the last Meeting held on 11th November 2014**

Lucy Lavan requested that only members off the Committee be recorded as present and all other attendees be recorded as in attendance.

Lucy Lavan highlighted several grammatical errors in the minutes, these would be updated and saved as the final version. The remainder of the minutes were accepted as a true record of the meeting.

4. Action Log

Item 1-was covered in the Agenda under item 7.3

Item 2-it was confirmed that E-rostering would be reported to the Integrated Performance Committee so would be removed from this action log.

Item 3- Sarah Blackwell confirmed that MIAA were assisting in the creation of a framework to monitor audit prioritisation. This action would be marked as complete and removed from the action log.

Item 4-would be deferred until the next meeting when the Deputy CFO would be in post.

Item 5-would be deferred until the next meeting.

5. Internal Audit:

5.1 Progress Report on Delivery of Plan

Ken Morris noted the report as read by all members of the Committee and asked for Sarah Blackwell to summarise.

Sarah Blackwell presented the annual financial systems review, stating that it was a clean report with only a few actions that were either medium or low priority and were completed in a timely manner.

Sarah Blackwell informed the committee that pages 2-6 summarised the key areas. Ken Morris invited questions about the report. Mark Jones asked if there was a problem with Oracle and staff self-approving. Sarah Blackwell confirmed that this was a one off incident and Oracle had now been updated to version 12 so this shouldn't be an issue. Ken Morris asked if whether "control accounts had been completed" meant reconciled. Sarah Blackwell confirmed that they did.

Ken Morris asked if using another organisations chart of accounts structure caused any issues relating to the accuracy of financial statements and would it have a financial impact. David Jago stated this was purely a legacy issue and not a control risk.

Sarah Blackwell stated that emergency preparedness was a clean report with a few actions raised which would be followed up in due course. Ken Morris asked if the details of training requirements were mandatory. David Jago confirmed they were and the performance report was generated at the end of January 2015 with training requirements broadly in line with KPI target to be achieved.

Sarah Blackwell stated that the interim review of the BAF demonstrated that the Trust is on track for year end and all Department of Health requirements would be met.

The Committee approved the amendments to the 2014/15 internal audit work plan and it was confirmed that the additional projects would not incur additional cost since the plan had been re-prioritised to accommodate the required work.

David Jago also informed the committee that ATOS were completing an external advisory report on EPR.

In view of this the committee decided that there would be no benefit to an internal audit of EPR being undertaken, however, it was suggested that learning from other Trusts would be very helpful in this regard.

It was noted that MIAA had completed a quality assurance report in respect of delivery of the 2014/15 plan.

The section of the report referring to the temporary staff bank would be discussed later in the meeting by Debbie Herring.

5.2 Internal Audit Follow-Up Report

Ken Morris noted the report as read by all members of the Committee and asked for Sarah Blackwell to summarise.

Sarah Blackwell informed the Committee that this would be the last one for this year and although this is a summary report, David Jago does receive a very detailed document.

Sarah stated that there were still some outstanding actions that the Committee could focus on and items that were on there a year ago are still on the list and the Committee could question what was happening. For example, EPR had done nothing in response to this report since last year, to which David Jago agreed to take this as an action point.

Ken Morris stated that the report was clear and that action was necessary to deal with the outstanding issues or live with the risk that not completing these actions could involve.

Ken Morris asked the Committee if anyone had any other points to raise on this report, no further points were made and the Committee would receive an update on this report at the March meeting.

5.3 Interim BAF Opinion

Ken Morris noted the report as read by all members of the Committee and asked for Sarah Blackwell to summarise.

Sarah Blackwell highlighted that although this subject was mentioned in the progress report, item 5.3 was the full report.

Ken Morris invited any comments.

Marion Savill thought it was a fair summary of where the Trust stood at present.

Ken Morris commented that page 3 recognised the need for continual review of Assurance Framework and referred to the two bullet points on page 3. Lucy Lavan advised that Board of Directors carries out detailed quarterly reviews on BAF and that these were fully documented. The Board would consider further, the value of expanding the BAF to incorporate more specific timescales on

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closure of gaps in identified controls and assurances. There was also scope for more rigour in referencing Board and Committee reports to the BAF and Committee Chairs would play an important role in overseeing this.

5.4 Draft 2015/16 Internal Audit Plan

Ken Morris noted the report as read by all members of the Committee and asked for Sarah Blackwell to summarise.

Sarah Blackwell stated that this was just a discussion document at this stage. It was a risk based plan and it was balanced to meet the requirements for delivering the 2015/16 Head of Audit opinion.

It was highlighted that page 8 showed the core audit plan outputs over three years and page 10 provided the additional to plan reviews. Sarah Blackwell did comment that the Committee may want to consider adding CQC into it. Ken Morris asked if there was anything generally Committee members wanted to add.

Mark Jones said that it was very helpful having all the information in one plan, however he felt that a lot of the quality issues had been deferred to the following year (2016/17) when these should perhaps have been at the forefront. David Jago did say that MIAA could scope the additional reviews to inform the final plan but if there was something that the Committee felt was too high a risk to be deferred then it would have to be included.

Mark Jones noted that governance risk and financials were mandatory on the plan and he wanted to emphasise that he thought quality should be a key priority for use of discretionary days.

Marion Savill mentioned that as recruitment had now been brought in house, it would be difficult to assess if this had been additive and therefore this would be a useful review to conduct in 2015/16.

Sarah Blackwell confirmed that she could come back with draft scope and resource implications for the additional items for consideration in the plan.

A discussion followed about the value of a review of medical revalidation. Lawrence Cotter stated medical revalidation was not of a concern to him as Doctors had to be revalidated every 5 years anyway. Lucy Lavan advised that the Medical Director does bring an annual assurance report to the Board of Directors and therefore the Board were fully sighted on the level of compliance and any gaps in the process.

Mark Jones stated that he would like to see NICE guidance and discharge planning addressed in the 2015/16 plan.

Lawrence Cotter requested that medical devices be changed to medical equipment. Sarah Blackwell noted this change.

Ken Morris requested that Sarah Blackwell provided costs and resources involved in recruitment, medical equipment, NICE guidance and discharge planning to this Committee in March. Sarah Blackwell confirmed that she

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would complete this task and would also circulate an email with the information before the March Committee meeting.

Lucy Lavan thanked Sarah and her colleagues at MIAA for the MIAA Insight Publications, commenting that they have been very helpful to the organisation. 8.30am Debbie Herring was welcomed to the meeting by Ken Morris.

Debbie Herring discussed the temporary staff bank part of item 5.1 which had been assigned a 'limited assurance' opinion by MIAA-Progress Report on Delivery of Plan.

Debbie Herring explained that temporary staff bank was needed to cover sickness, annual leave and vacancies as well as Nurse Bank being a part of this cover. Debbie did highlight that there was also a strong reliance on LHCH staff to cover any absences.

Debbie Herring informed the Committee that there were approximately 50 bank staff available to LHCH and when there is an absence/vacancy to cover the order of covering this position is to use LHCH staff, then Bank only staff then agency staff as a final option.

Debbie Herring confirmed that Allocate were reviewing the Trusts efficiency of the roster system and would provide recommendations of how it could be better used as currently two areas were being used correctly and two areas were not. It was confirmed that this report would be available at the beginning of March.

Debbie Herring also stated that a colleague from Aintree Hospital would be completing a peer review to make sure they were using roster in the most effective way as there had previously been a quality and a cost issue.

Debbie Herring highlighted that there would be a new draft policy available from 3rd March 2015 from the Staff Partnership Forum and they were hoping for a complete sign off by 11th March, with the policy being in place for 12 months and then a review would follow.

Debbie Herring stated how authorisation had been an issue in the past and going forward electronic written authorisations would be needed. It was noted that this did cause difficulties during out of hours as staff couldn't always get the authority they needed. Debbie Herring stated that as of 1st March this would be backed up the following day or Monday if it fell on a Saturday with the ADN's signing off the Bank as a priority.

Debbie Herring stated that the audit trail in Critical Care (CC) was an issue as they have very sporadic requirement levels depending on the patient levels being either 1, 2 or 3. Debbie highlighted that Nurse Bank were not quick enough at responding and that's why Critical Care had their own cover and authorisation process. Debbie commented that agency staff were expensive but even more so on CC but now CC were using the same system as all the other wards and units it was updated and signed off on a daily basis.

Debbie Herring stated that the aim for CC was for it to operate the same as the rest of the Hospital.

Ken Morris invited questions. Marion Savill asked what the potential impact of changing the system on CC would be with all their specific needs. Debbie Herring said that there wouldn't be any as it had been and would be a gradual process working with the staff and as changes are and were being made checks were always in place to ensure it was working for them. Debbie Herring stated that they will still be able to use the system themselves but now there would be an audit trail.

Debbie Herring highlighted that another issue was cumbersome practices including multiple time sheets and requests so now the Nurse Bank co-ordinator was checking this daily and any multiple requests were being deleted.

Debbie Herring stated that there was a new booking form in place that met the requirements of the changes MIAA requested and that now only Band 7 had the authority to sign cover off.

Debbie Herring stated that there would be a change to ensure that all 50 Bank staff had mandatory training records and this action should be completed by May 2015.

Debbie Herring discussed the agency contract with Talent whereby they were the first port of call if additional staff were needed. Talent were supposed to be quicker and could provide the Trust with a better rate. Debbie stated the contract was nearly a year in and the organisation has experienced problems with timesheets and invoices with them not providing enough detail as to who the invoice relates to and what dates it covered etc. Debbie Herring stated that they were therefore looking at going to the agencies direct.

Ken Morris commented that MIAA had performed a good audit and the action plan brought assurances. Ken suggested that an update was brought back in 3 months time. Ken asked if the Chief Executive was aware of these issues and David Jago confirmed that she was.

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Ken Morris asked if the actions were a matter for the Integrated Performance Committee (IPC). David Jago confirmed that the assurance element was a matter for Audit Committee and the reporting of the action plan was for IPC.

Sarah Blackwell confirmed that this would be followed up in June 2015 audit.

6. External Audit

6.1 External Audit Update Report

Ken Morris noted the report as read by all members of the Committee and asked for Jo Whittingham to summarise.

Jo Whittingham gave the progress on the audit to date. Jo Whittingham highlighted that page 5 gave the progress of the plan with results being available March 2015 and the final accounts audit taking place 23rd April to 15th May 2015.

Jo Whittingham stated that there were no significant risks to bring to the

Committee's attention. In relation to the Quality Report, there would be testing of one mandatory indicator; the 18 week pathway and the one selected by the Trust; 62 day cancer wait and one selected by the Governors.

Jo Whittingham commented that there was quite a lot on the horizon and referred to the revisions to the ISA 700. Jo stated that the health economy was working better for the patients.

Jo Whittingham invited questions from the Committee.

Ken Morris asked if it was correct that quality accounts tied in with annual accounts. Jo Whittingham confirmed that they would be dealt with separately but they did have the same deadline.

Ken Morris asked if Executives were fully sighted on the challenge questions posed by Grant Thornton in the schedule of emerging issues and developments. Lucy Lavan advised that she would provide a brief report to the March Committee on how the Trust had responded to each of the questions.

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7. Governance

7.5 External Risk Management Review

Mark Jackson was invited to present on the risk management action plan.

Ken Morris noted the report as read by all members of the Committee and asked for Mark Jackson to summarise.

Mark Jackson stated that following a review of Risk Management by Paul Moore in December 2014 and action plan has been created to address the recommendations that Paul Moore made.

Mark Jackson referred members to page 2, highlighting that he had redeveloped and embedded the risk management process and a new risk management policy had been brought to the Risk Management Committee the previous day (23rd February 2015) for consideration.

Mark Jackson highlighted how the service lines now understood Risk Management and the Executives were currently working on 2015/16 objectives and once these were agreed they would be cascaded down to the departments through the Executive Roadshows with the departments turning those into their objectives along with risk assessment and profiling.

Mark commented how there was the feeling that patient safety was now a much lower organisational risk as the Executives had been through a pro-active risk analysis with high scoring risks being presented at Risk Management Committee for review.

Mark Jackson stated that an electronic system for reporting risk was needed as there were limitations with the current PRISM system. Mark commented that a more sensitive risk scoring model was needed, therefore in changes to the current 3x3 model a 5x5 matrix had been developed which gave more categories for risk. To establish this Mark Jackson went through all current 75

risks and referred to the action plan in the paper although highlighted that this was work in progress.

Mark Jackson confirmed that the new Risk Management policy was broadly supported at the Risk Management Committee.

Mark Jackson confirmed that Risk Management training commenced in early March 2015.

The Chairman noted that this was a good start and that the Policy was still relatively immature and needed to be developed further.

Lucy Lavan recommended that the Risk Management Policy is brought to the Audit Committee in March 2015 for consideration and recommendation to the Board of Directors for approval.

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7.1 Use of the Trust Seal

The Committee noted the report.

7.2 Compliance with Licence: Review of Quarterly Checklist

The Committee approved the report retrospectively, noting that members had reviewed the document by email in advance of the Q3 submission.

Lucy Lavan highlighted that RTT compliance continued to be a risk going into Quarter 4.

7.3 Review of Register of External Visits/Reviews

It was agreed to defer this item to the March 2015 meeting due to time constraints.

7.4 External Review of Assurance Committees

It was agreed to defer this item to the March 2015 meeting due to time constraints.

7.6 Timetable for Production of Annual Report and Accounts

The Committee noted and approved the annual reporting timetable, noting that detailed guidance for the Quality Account 2014/15 had recently been received. The timetable would be updated accordingly.

Lucy highlighted that the annual report and accounts planning was now work in progress and all Executive Directors and Senior Managers were aware of their key deadlines and their detailed individual responsibilities.

7.7 Audit Committee Induction Programme

Lucy Lavan expressed that the Trust wanted to reinvigorate the induction programme for new Audit Committee members and to ask the Audit Committee to review and confirm that it was fit for purpose.

Lucy Lavan and David Jago would have conversations with the new members to establish any development needs and address any necessary actions. Mark Jones stated that a pragmatic approach was needed to avoid 'information overload'.

Lucy Lavan said that the induction programme would be tailored to individual needs and documented to provide evidence that all members had received the required support.

8. Audit Committee Work Plan

David Jago confirmed that he would take any items deferred from today's meeting along with comments made and revise the work plan for the March meeting.

9. Any Other Business

Nothing additional to note.

10. Date and Time of Next Meeting:

Monday 30th March 2015 at 10am, Boardroom-Portakabins

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