

Audit Committee

Item 7.1.2.2

Minutes

Date of Meeting: Monday 30th March 2015
Time: 10.00am-12 noon
Venue: Boardroom, Management Zone, Portakabins

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
Jennifer O'Brien/Secretary
Jo Whittingham/Grant Thornton
Sarah Blackwell/MIAA
Roger Causer/MIAA
Michelle Moss/MIAA
David Orme/MIAA

Apologies for Absence: Jackie Bellard/Grant Thornton
Virginia Martin/MIAA

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**

Noted and approved.

4. **Action Log**

Item 1-was covered in the Agenda under item 9.5.

Item 2-David Jago confirmed that he was the only person authorised to sign off single tender waivers. This item would be marked as complete and removed from the action log.

Item 3- was covered in the agenda under item 10. The item would be marked as complete and removed from the action log.

Item 4-David Jago confirmed that the final outstanding actions were being drafted together and would be ready to report back to the Committee in May

Item 5-Sarah Blackwell had updated the 2015/16 audit plan with the costs and resource figures. This item would be marked as complete and removed from the action log.

Item 6-was for the May meeting.

Item 7-was covered in the agenda under item 7.2. This item would be marked as complete and removed from the action log.

Item 8-this item would be deferred until the May meeting due to annual leave.

5. Internal Control and Risk Management

5.1 Annual Report of Audit Committee

Ken Morris noted the report as read by all members of the Committee and asked David Jago if he had anything to add.

David Jago confirmed that this was the usual assurance to go to Board of Directors with pages 2 & 3 listing full details with focus on looking ahead and the current terms of reference.

David Jago asked the Committee to note the contents of the report and requested any suggested amendments.

All members stated their approval of the report.

5.2 Assurance Committee Reviews

5.2.1 Quality

Lawrence Cotter stated that Quality Committee was working properly and properly and performing its function very well and there were only three items following the MIAA audit to go to the Board of Directors adding that they were very valuable points that had either been accepted or dealt with.

5.2.2 Integrated Performance Committee (IPC)

Marion Savill stated that the report was a constructive piece of work and the points raised were ones the Committee had been aware of and they were either dealing or had dealt with them.

Marion raised two points that had been highlighted in the report;

1. Referring to the responsibility of data quality and whether this was for IPC or Audit Committee to deal with. Members confirmed this was an Audit Committee remit.
2. MIAA stated that it was unusual that The Chairman of the Trust was an IPC member. Marion stated she would look into this and consider the membership of the Committee.

5.3 Committee Protocol (agenda item 5.5 refers)

Lucy Lavan confirmed that this paper had been drafted following recommendations from Audit Committee that there was a standard protocol and consistency across committees with regards to agenda and structure of meetings. Lucy invited any questions or recommendations.

Committee members agreed that these standards should apply to all Committees and although there didn't need time allocating to each individual agenda item it was critical for the Chair of the meetings to be mindful of the time. It was also agreed that moving forward all papers would have agenda item numbers displayed clearly on the front page.

The contents of the paper were noted and approved by the Committee.

5.4 External Review of Assurance Committees

This item was discussed under agenda items 5.2.1 and 5.2.2 above.

5.5 Annual Review of Monitor Licence (agenda item 5.3 refers)

Lucy Lavan stated that last year there had been an in depth review into the Licence and that this paper was an update due to several changes in Executive teams and their responsibilities. Lucy stated that the changes had been highlighted in colour in the report.

Lucy Lavan confirmed that the paper had been to the Executive team meeting so they were all aware of the changes.

Lucy Lavan asked Audit Committee members if they thought that all the elements were still relevant as the Trust are compliant with the licence with the exception of the 18 week RTT of which there would be further discussion about at Board of Directors on 31st March 2015.

Committee members approved the report and stated that the checklist provided was very useful and suggested a quarterly review of the checklist.

6. Internal Audit

6.1 Internal Audit Plan 2015/16 (draft)

Sarah Blackwell confirmed that following the request at the last meeting, the plan had now been updated with the costs and resources involved in recruitment, medical equipment, NICE guidance and discharge planning and these were shown on page 10 of the report. Sarah asked members if they were happy with the updated plan.

Discussions ensued and the Committee agreed the plan as amended with agreement that medical equipment, recruitment and discharge planning would be in 2015/16 plan with NICE guidance forming part of the 2016/17 plan. An update would be provided in 6 months time on NICE. David Jago would add this to the workplan.

DJ

Committee members approved the 2015/16 plan.

6.2 Progress Report on Delivery of Plan

Sarah Blackwell confirmed that the business cases processes were initially reviewed last year but there had been some slight changes therefore this report provided a more robust overview.

Sarah Blackwell confirmed that Cystic Fibrosis (CF) business case was assigned significant assurances with 1 low level risk and it was all operating correctly.

Sarah Blackwell stated how clinical audit was carried out with significant assurance at the request of the Audit Committee and the feedback from the clinical team was all positive with only a couple of low level recommendations including attendance at CAEG and to ensure the clinical audit forward plan is updated.

David Orme informed the Committee that the review into information governance was a mandatory one with nothing significant to report and there was a robust information governance framework in place generating significant assurances

Threat & vulnerability management was discussed with David Orme stating that one issue was the Windows 7 update with the patching of servers posing an issue. However, David Orme did clarify that this is an issue across all Trust's but it did need dealing with immediately.

David Orme then referred to the Application, stating that it wasn't unusual to find issues the first time this was reviewed but highlighted that the application was effective in what it did. David did confirm there were two issues with the application;

1. Major systems had data extracted and added somewhere so it was accessible in an emergency, however with the Trusts app this was left open continuously meaning all EPR was available at all times which was of great concern.
2. MIAA found the scanning bureau to be sufficient, however, there was an error queue of 4000 records that hadn't been dealt with. David Orme confirmed that he knew there was now a project in place to resolve this issue.

David Jago confirmed that a full report into the error queue issue was expected today and would be brought back to the May meeting so MIAA could note the progress being made.

Discussions ensued with regards to this confidentiality risk on the application with David Orme confirming that at the moment this stood as both a confidentiality and a clinical risk, however it could only be accessed internally to the organisation and not externally.

It was confirmed that this matter was marked as a red risk on the Corporate Risk Register and was going to the Board of Directors on 31st March 2015.

DJ

6.3 Counter Fraud 2015/16 Plan (draft)

Roger Causer took the report as read by all Committee members and stated the below highlights;

- Page 2 shows the executive summary with four strategic areas, continual work on workplans and a cost effective way of moving forward
- Page 5 shows the 2015/16 workplan focus with Roger Causer drawing attention to the employment agency review where they would look at matters including fraud proof documents and the bribery act. The workplan also looks at stakeholder engagement ensuring all channels of communication are always open and ensuring there is a robust plan in the organisation in reference to fraud awareness.
- Roger Causer referred members to Appendix A of the report for more detailed information.

Committee members noted and approved the plan.

6.4 Counter Fraud Update Reports

Roger Causer informed the Committee that this report set out the work undertaken during November 2014 to March 2015 focusing on the four strategic areas.

Roger Causer referred the Committee to page 7 of the report which detailed the findings from the work, highlighting that NHS Protect had issued the 'Standards for Providers' document which organisations should use to risk assess themselves against fraud. The document indicated the major areas where the NHS is affected by fraud as payroll, access to care, private patients and national tariffs which is new on the list for this year.

Roger Causer stated that the report details Crime Awareness Day and highlights the good progress made on taking this forward with pages 10 & 11 showing plans for prevention and deter on NHS fraud.

Roger Causer stated that until the action plans are fully complete it would not be appropriate to bring them to Audit Committee, however Appendix A of the report shows where MIAA want to be in relation to NHS fraud.

6.5 Annual Review of Internal Audit Provision/Performance

David Jago requested that the Committee note the content of the paper and the Trusts compliance with MIAA.

The report was received by all Committee members.

7. External Audit

7.1 External Audit Plan and Fees

Jo Whittingham confirmed that the final version of the plan would be circulated on 31st March 2015 via email to all members.

Jo Whittingham confirmed that the plan had been developed in relation to monitor audit code and it was requested that Audit Committee received the plan with Jo Whittingham highlighting the following;

- Page 4 demonstrated that Grant Thornton understood LHCH, showing that CIP's proved more difficult year on year.
- The 5 year review in partnership with Brompton provided no issues for 2014/15 however this could change moving forward.
- Page 5 shows a good understanding by the Trust and there were no challenges this year as the standards were met the previous year.
- The biggest change for 2015/16 is ISA 700
- Grant Thornton will assess the organisations use of resources.
- In relation to the Quality Report 1 choice is mandated with the other choice decided by the Council of Governors between two options.
- Suggestions that Charitable Funds could fall into independent examinations which would make a big difference in the cost charged by Grant Thornton
- Page 7 identifies the significant risks being revenue recognition and management over-ride and healthcare revenues being identified as other risks.
- Grant Thornton looked at key contracts in place with the Trust and found no issues with Capita and work had started on expenses and group accounts due to the short audit window.
- Page 10 of the report highlighted the interim work results, stating Grant Thornton were confident placing reliance on MIAA.
- There was nothing to report on journal entries but there was some work to be completed on land and revaluations although nothing significant.
- Page 12 provided Committee members with some more detail on ISA 700 with page 13 providing details on requirements for discharging and the Trust's value for money from Grant Thornton.

Jo Whittingham apologised for page 15 of the plan as this detailed another organisation not LHCH, but this would be changed in the final plan distributed on 31st March 2015.

7.2 Trust's Response to Emerging Issues and Developments

Lucy Lavan confirmed that this paper was in response to the challenge questions relating to the emerging issues and developments highlighted by Grant Thornton in their report to Audit Committee in February 2015. Lucy Lavan invited comments from the Committee.

Marion Savill asked for more information on issue 8 in the table in the report. David Jago confirmed that re tele health he had attended a meeting with Liverpool CCG that LHCH has linked into with work being done on this.

All Committee members noted the report.

8. Annual Accounts Review

8.1 Review of Accounting Policies

David Jago stated that this paper was an update on the key changes to reflect the 2014/15 accounts, referring members to page 2 of the report and invited any questions.

The Audit Committee noted the contents of the report.

9. Governance

9.1 Review Clinical Audit Plan and 6 Monthly Progress Report

This item has been deferred until the next meeting.

9.2 Review Losses and Special Payments

David Jago stated that Appendix 1 shows the losses and special payments for the period October 2014 to February 2015 and Appendix 2 shows a comparable to 2013/14.

David highlighted that legal claims was the main element with clinical negligence claims that were initially made several years previously. David confirmed that there was a process to learn from legal claims.

David Jago wanted the Committee to be sighted that there would no longer be the 30% discount on CNST meaning a loss of £250,000 for 2015/16. David wanted it noting that although the Trust were not at the stage yet, there was the potential for a huge increase in the CNST premium and he it should be brought to Quality Committee as a potential risk.

Discussions ensued regarding this loss of discount with David Jago confirming that it was a national change from CNST and they Board of Directors would be cited on this matter.

Committee Members noted the remainder of the report.

9.3 Review Single Supplier Tender Waivers

David Jago noted the paper as read by all members stating that page 3 showed the summary of the waivers and invited any questions.

Committee members noted that in relation to single tender waivers continuity can be better for quality. The remainder of the paper was received.

9.4 Review Documents Executed under Common Seal

Lucy Lavan confirmed that there was no paper on this item as there was nil return, no transactions.

9.5 Review of Register of External Visits/Reviews

Lucy Lavan noted that this item was deferred from the last meeting.

Lucy Lavan confirmed that the report was reviewed on a 6 monthly basis and wanted to reassure The Chair that the Trust were dealing with everything. Lucy Lavan invited comments from her colleagues and questioned whether there were some visits that didn't need to be on the register.

Discussions ensued and Committee members agreed that it was valuable to know about all visitors to the Trust and to understand who had access to patients as long as Committee members understood which visits were assurance issues.

Marion Savill asked if anything was being brought to Board of Directors in relation to issue 32 and Lucy Lavan confirmed that it had been to Operational Board and Executive Team and a final piece of work was being completed with it being presented at Board of Directors in the future.

Lucy Lavan asked the Committee to note that Stephen Twigg MP did not visit and she would remove this from the register.

The register was noted by Committee members with it to be brought back to Audit Committee in 6 months time

9.6 Risk Management Policy/Action Plan Update

This item has been deferred until the next meeting.

9.7 Annual Governance Statement (draft)

Lucy Lavan stated that she would liaise with Jo Whittingham offline regarding this statement as it would be useful to have her input.

Lucy informed the Committee members that the blue text had been amended since last year and the gaps in the statement were due to her waiting for year-end information and waiting time data.

Issues had been picked up that were raised by internal audit and the bullet points showed future risks. Lucy confirmed the Trust were on schedule for drafting the annual report and she would extract this and send it to the Non-Executive Directors separately for Ken Morris to sign off.

Sarah Blackwell stated that although there were a couple of reviews in progress this was a good statement that included all key elements needed.

The Committee discussed the statement further, questioning a level three pressure ulcer that Lucy Lavan confirmed she would speak to Sue Pemberton about.

Lucy Lavan confirmed she would distribute the final statement offline to Committee members.

LL

10. Audit Committee Work Plan

The plan was noted by all Committee members with the amendments agreed due to the deferral of items 9.1 and 9.6 until the next meeting. Following assessment of the work plan it would be decided whether an April meeting was necessary.

DJ

11. Date and Time of Next Meeting

Tuesday 26th May, 8.00-9.30am, LHCH Conference Room*

*subject to an agreement offline regarding a possible April meeting.

DRAFT