

Audit Committee

Item 3

Minutes

Date of Meeting: Tuesday 7th July 2015
Time: 3.30pm-5.00pm
Venue: Boardroom, Management Zone, Portakabins

Present: Julian Farmer/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
Jackie Bellard/Grant Thornton
Sarah Blackwell/MIAA
Roger Causer/MIAA
Michelle Moss/MIAA
Jessica Martin/MIAA
Janet Doran/Head of HR (item 5.2 only)

Apologies for Absence: Debbie Herring/Director of Strategy & Organisational Development

1. Apologies for absence

As given.

2. Declaration of Interest Relating to Agenda Items

Julian Farmer informed the Committee that he would move agenda item 7.1 to the end of the meeting when he would ask Jo Whittingham and Jackie Bellard from Grant Thornton to leave the meeting so that an open and unbiased review of the external auditors could be given.

3. Minutes of the last Meeting held on 26th May 2015

The below amendments were made to the minutes from the meeting held on 26th May 2015:

- The wording on page 5, paragraph 2, lines 3-6 would now read:
"however, there was a concern that if there was anything complex to

discuss regarding the financial situation there would not be sufficient time for the concerns raised and brought to the Audit Committee members attention to be dealt with and rectified before the approval to the Board of Directors”.

- The minutes would also be updated on page 8, in the 4th paragraph under agenda item 8.3b that the action plan regarding attendance figures at CAEG would be brought back to the Audit Committee in November 2015.

The remainder of the minutes from the May 2015 meeting were accepted as a true record.

4. Action Log

Item 1-The external register review will be presented bi-annually with the next report scheduled for September 2015. Therefore brought to Audit Committee in November 2015.

Item 2-In reference to referrals on EDMS, there was now a staff member in place reducing the backlog and David Jago would report back to the Committee post additional internal audit review in September 2015. Therefore an update provided to Audit Committee in November 2015.

Item 3-Sarah Blackwell had provided a report on Consultant Job Planning under agenda item 6.3 with Debbie Herring & Raph Perry attending the Committee in November 2015 to provide a further update.

Item 4-David Jago had updated the work plan and removed the external audit update report from the schedule for May 2016 due to the external auditors schedule at that time. This item would be marked as complete and removed from the action log.

Item 5-Grant Thornton would discuss the outcome of the work on the Quality Report under agenda item 7.2. This item would be marked as complete and removed from the action log.

Item 6-This item is for submission at the November 2015 Audit Committee

Item 7- This item is for submission at the March 2016 Audit Committee.

Item 8-This item is for submission at the November 2016 Audit Committee.

Item 9- This item is for submission at the July 2016 Audit Committee.

5. Internal Control and Risk Management

5.1 Annual Review of Governance Manual

Lucy Lavan informed Committee members that this was a routine annual review of the Governance Manual to ensure that the Trust was still compliant with best practice and it had been undertaken in collaboration with MIAA. The key updates were summarised as;

- Updates to the Provider Licence, Constitution and Accounting Officer Memorandum to reflect the revised Monitor guidance.
- Section C had been updated to reflect the changes to the Committee structure with a separate paper being referred to the Board of Directors to approve the Terms of Reference (TOR) of existing Committees, whilst also recommending the inclusion of the new People Committee
- The Code of Conduct for Council of Governors had also been updated to change Officers title from Trust Secretary to Associate Director of Corporate Affairs. This update had also been reflected in the Council of Governors: Nominations and Remuneration Committee which would go to the Council of Governors Meeting on 1st October 2015 for approval.

Lucy Lavan thanked Sarah Blackwell for her hard work on this update.

Audit Committee approved the changes made to the Corporate Governance Manual.

6. Internal Audit

6.1 Progress Report on Delivery of Plan

The report was noted as read by all Committee members with Sarah Blackwell highlighting the two key messages of the report;

1. Consultant Job Planning was to be a key area of focus for the Trust with the need for streamlined and transparent processes to be put in place. Job planning reviews should be formally scheduled throughout the year and reviews should be completed in line with these. Plans should ensure they follow a consistent format including all key information with the Trust requiring a central process for the management and monitoring of job appraisals. Sarah Blackwell stated that she had been through the action plan with Debbie Herring and would give limited assurance at this time. Debbie Herring and Raph Perry would attend Audit Committee in November to provide further details on this matter. The full report was provided to Committee members as agenda item 6.3.
2. The objective of the Data Quality Review was to provide assurance surrounding the performance data reported to the Board of Directors through the operational and strategic dashboard as well as ward reports in relation to the 4 key indicators below;
 - VTE Risk Assessments
 - Number of Falls
 - Number of pressure ulcers
 - Number of medication errors

Sarah Blackwell gave significant assurance on this objective as the Trust was in the process of developing a data warehouse that would support further automation.

Three pieces of work were highlighted as work in progress, these included ward quality spot checks review, IM&T data warehouse review and off plan

DH/RP

medical equipment. Further progress would be reported to the Audit Committee following completion.

The Committee noted that a first draft of the Well Led Report had been produced and would be going to the Board of Directors on 28th July 2015.

6.1a Follow Up Report

The report was noted as read by all Committee members with Sarah Blackwell explaining that this update was completed every 6 months to check progress towards the implementation of recommendations previously made.

22 of the 32 recommendations made had been implemented with the remaining 10 as work in progress. It was reported that Emergency Preparedness was taking longer than initially thought but work was still progressing.

One of the key recommendations was in relation to Bank and Agency with Sarah Blackwell recognising the on-going progress being made in this area.

6.2 Anti-Fraud Progress Report

Roger Causer presented the progress report which covered the three months April to June 2015. The report showed the summary of work undertaken during this period.

Roger Causer highlighted the objective regarding taxi services used by the Trust, informing Committee members that an action plan had been given to the Trust and although this was not a source of large costs it was an area classed as a high fraud risk.

Committee members were made aware that there was one fraud investigation progressing forward at present and an update would be provided once the case was closed.

Appendix A showed the Contract Performance with Roger Causer stating that this was as expected and Appendix B showed that the Trust had correctly logged the current fraud investigation onto the FIRST system.

Roger Causer highlighted that Appendix C was a new addition to the report which set out specific details of any outstanding plans.

The Audit Committee was assured that there was nothing specific to bring to their attention and Members noted the full contents of the report.

6.3 Consultant Job Planning Report

Sarah Blackwell provided the full report for Committee members attention with this item having already been discussed as above under agenda item 6.1

7. External Audit

7.1 Quality Report Outcome (agenda item 7.2 refers)

Jo Whittingham reminded Committee members that the contents of this report had been discussed at the previous Audit Committee in May 2015 and this report would be taken to the Council of Governors meeting on 1st October 2015 for their attention and approval.

Jo Whittingham confirmed that the Trust's Quality Report is compliant with regulations.

The two performance indicators that were reviewed were that of 18 week RTT and 62 day wait cancer target. The 18 week RTT was reported as satisfactory whilst a full disclosure to reveal the methodology for collecting the indicator had changed from the previous year was recommended regarding 62 day wait cancer target.

The local indicator to be reviewed was the timeliness of the Trusts communications to GP's following the discharge of a patient. Jo Whittingham confirmed that this was a difficult indicator to review as the way it was targeted had now changed. Therefore Grant Thornton recommended the Trust revisited this indicator to be clear what constituted success, was it meeting the target or moving toward it?

Jo Whittingham stated that although they were unable to give assurance on this indicator, it was important for Audit Committee members to note that one reason there was difficulty in parability was that the Trust recognised their need to improve in this area and were completing significant work on improving the systems required to collect this data and therefore there were continual changes.

7.2 External Audit Update Reports (agenda item 7.3 refers)

Jackie Bellard informed Committee members that this was only a brief report detailing emerging issues and developments for LHCH as Grant Thornton had not yet been appointed as the Trust's external auditors for 2015/16. The Trust were asked to consider the following emerging issues;

- Five Year Forward View-The Success Regime: A whole systems intervention
- Implementing 'Personalised Health and Care 2020'
- Productivity in NHS Hospitals
- The Kings Fund-Talent Management-Developing Leadership not just Leaders
- NHS Foundations Trusts: Quarterly Performance Report (Q4 2014/15)

Jackie Bellard informed Committee members that the interim report published in June 2015 outlining the work that had been carried out to review the productivity of NHS Hospitals contained various benchmarking information which may be relevant to the Trust.

Jackie Bellard informed the Audit Committee that this progress report was on the agenda to be discussed at Integrated Performance Committee on 27th July 2015.

8. Review Arrangements/Policies for Raising Concerns
(agenda item 5.2 refers)

Janet Doran explained that the purpose of the paper was to inform the Audit Committee of the progress made since the introduction of the Raising Concerns Policy in 2014, together with the introduction of the Speak out Safely Campaign and the daily Safety Huddle to create a more open culture where employees felt safe and were encouraged to report any concerns about patient safety.

The Audit Committee were also informed that following The Francis Review into Whistleblowing there was now clear guidance on how to create the right culture in order to encourage people to speak out. The report provided two over-arching recommendations, twenty principles and thirty six specific actions which were grouped together under five themes;

- The need for culture change
- Improved handling of cases
- Measures to support good practice
- Particular measures for vulnerable groups
- Extending the legal protection

Janet Doran highlighted to Committee members that the Trust had to ensure employees had both formal and informal access to senior leaders with the following recommendations having been made;

- One person is appointed by the Chief Executive to act as 'Freedom to Speak Up' Guardian.
- 1 Executive and 1 Non-Executive Director are nominated as individuals who can receive concerns
- A Manager in each department is nominated to receive concerns
- Employees must have access to advice and support from an external organisation for example the whistleblowing helpline.

Janet Doran informed the Audit Committee that 22 concerns had been raised via the Speak out Safely forum with all of these concerns escalated through the appropriate channels with either actions agreed, systems put in place to manage the issues or the concerns still being under review.

In addition, 3 anonymous concerns about Junior Doctor Staffing levels and out of hours cover had also been made directly to the CQC. The Trust had responded fully to these concerns and the CQC were taking no further action at this time.

Following the release of the recent Francis recommendations relating to having a more open Raising Concerns Policy, an extensive overhaul of the policy had now been undertaken with the following changes having been made;

- Direct reference to the link with the Speak Out Safely Campaign.
- Legal changes - such as the removal of a concern being raised “in good faith” in the legislation.
- Further reference to supporting staff involved in concerns and adopting more learning approaches rather than punitive.
- Further reference to promoting a culture which is free from bullying and victimisation and what actions will be taken if concerns are raised in bad faith.
- Clarity provided on the definition of types of concerns, for example, whistleblowing (according to the legal definition), grievances, complaints etc., and how these will be addressed.
- Strengthening of the Manager’s responsibilities section.
- Strengthening of the support available section, including the introduction of an independent guardian.

Janet Doran informed committee members that Execs would receive the updated policy on Wednesday 8th July 2015 and following their approval the policy would be launched.

Audit Committee noted the contents of the report.

9. Governance

9.1 Review Losses and Special Payments (agenda item 8.1 refers)

David Jago informed Committee members that there was only 1 losses and special payments made during April to May 2015 which was a standard quarterly injury benefit payment at a cost of £1712.

There was no payment that exceeded the £50,000 threshold requiring Board approval and Appendix 1 of the paper provided members with a full breakdown of all expenditure for the period April to May 2015.

Audit Committee noted the contents of the report.

9.2 Review Single Supplier Tender Waivers (agenda item 8.2 refers)

David Jago informed Audit Committee members that there had been 20 tender waivers between April to May 2015 at a total value of just over £1m with full details of all 20 waivers detailed in appendix 1 of the paper.

David Jago assured Committee members every waiver was signed off by him with him always raising the question of possible alternatives. David Jago highlighted the cost of the Interim PMO Project Lead at a cost of £51,000 for 13 weeks work, therefore it was paramount that the Trust received value for money from the candidate and a permanent candidate was found as soon as possible. David Jago assured members that the Trust had been out to vacancy twice but as it was such a lucrative market it was proving difficult to find a candidate at a suitable level. David Jago did assure Committee members that a review of admin support throughout the Trust would be undertaken to see if anybody could be moved to the PMO office.

Audit Committee noted the contents of the report.

9.3 Audit Committee Self-Assessment Update (agenda item 8.3 refers)

Julian Farmer informed members that later in the year they would assess the results from last year's self-assessment, looking at the structure of the questionnaire that was used and who it was aimed at. Members would also need to discuss whether it was suitable for MIAA to be involved in the process.

David Jago would circulate the output from the last questionnaire and discussions could take place at the November 2015 meeting.

DJ

10. Audit Committee Workplan (agenda item 9 refers)

The workplan was noted as correct for the remainder of the year.

11. Annual Evaluation Review of External Auditors (agenda item 7.1 refers)

Jo Whittingham and Jackie Bellard of Grant Thornton left the meeting.

Julian Farmer opened up the informal discussion regarding external audit performance in preparation for the formal audit evaluation process. The Trust would use the criteria as set out in the paper to measure the effectiveness of Grant Thornton with David Jago providing the questionnaire to members outside of this meeting.

DJ

Discussions ensued with it being concluded that Grant Thornton provided value for money and were good at challenging and being challenged. The Trust had a strong relationship with Grant Thornton and both parties had worked well together despite the need for some strengthening, as certain reports were not comprehensive enough and there was an issue over the Trust not being led by Grant Thornton on the Annual Report.

The general consensus was that Grant Thornton were good auditors, however, the questionnaire would be sent out to members including colleagues at MIAA to form the basis of the report going to Council of Governors on 1st October 2015 as the final decision lied with them.

12. Date & Time of Next Meeting:

Tuesday 10th November 2015, 2.30-4.00pm, Boardroom