Audit Committee DRAFT Minutes

16th September 2010 - Meeting No 75

Present:	Peter Knell (PK)	Chairman & NED
	Peta Turnbull (PT)	Non-Executive Director
In attendance:	Simon Garlick (SG)	External Auditor, Audit Commission
	Sam Harding (SH)	External Auditor, Audit Commission
	Frazer Tams (FT)	Internal Auditor, Parkhill
	Veran Patel (VP)	Internal Auditor, Parkhill
	Tony Hall (TH)	LCFS, Counter Fraud
	Nigel Pennington (NP)	Governor Representative
	Bill Boa (BB)	Director of Finance
Minutes:	Rachel Lovett	Minute Taker

NO	ITEM	Action
27/10	**Apologies for Absence** Vanessa Read	
28/10	**Minutes of the Meeting 1st July 2010** The following points were noted:- *22/10 Internal Audit Plan* Move the last sentence from "Turnaround Plan" to the end of the previous bullet point. Turnaround Plan and CIP sections to be merged. PK asked for numbered sub-sections in the minutes rather than bullets, and for the minutes to be paginated. Subject to these changes the Minutes were approved.	**RL**
29/10 29.1	**Review of Outstanding Action Points and Matters Arising from Minute No 73** <u>AL1 Financial Assurance Standards for NHS Finance Teams</u> There were several strands to this item:- *Risk Register* - The Executives are meeting to review it, and prioritised actions identified will be linked to the BAF. BB hoped this would be completed by the end of November. *Capital Planning* - 3 groups deal with capital planning (medical devices, space utilisation and major capital).	

	BB felt that this required review for 2011/12 to ensure that capital planning is firmly integrated with service planning.. Business cases are reviewed by the Executives and this will continue for the balance of 2010/11. *Capital Expenditure* - BB confirmed that this year the capital expenditure had been significantly restricted with bids being prioritised and delayed. Individual service plans for 2011/12 will include capital and revenue figures and these service plans will be signed off by the Trust Board before the start of 2011/12. *Capital Resource* - BB explained that for 2011/12 this would be divided into three between central maintenance and repair, local service business plans and Trust wide strategic capital schemes. Both PT and PK were keen to highlight the importance of not neglecting the hospital estate. BB confirmed the mechanism used by the Estates Department which influences the work programme. There is no equipment replacement programme which would be valuable. BB was comfortable that appropriate approval and monitoring processes are in place to provide this committee with assurance. **BB and JO to action with timescale for completion of 1 December 2010. BB would feedback progress at the next meeting.**	**BB**
29.2	<u>AL 2 Policy for Waiting List Payments</u> Whilst it was noted that no agreement had been reached with the medical body regarding the proposed standardisation of payments., the Executive has agreed to cease Waiting List Initiatives. PT asked if there was a published and effective procedure for the authorisation of waiting list initiative payments, as this was the issue. BB confirmed this was the case. **This item was closed**.	
29.3	<u>AL3 Service Line Reporting</u> This item had moved on significantly. BB had commissioned PWC to review SLR within the trust. This report had been submitted to the Finance & Performance Committee in August. This had contained recommendations which BB would formally respond to. **It was agreed that the Finance & Performance Committee would review this matter, and this Committee would review the process. BB confirmed that the recommendations will go on the new "Tracking Tool". The Tracking Tool will be an agenda item for the next meeting.**	**AF** **BB** **AF**
29.4	<u>AL4 National Fraud Initiative</u> BB confirmed that in order to manage this, there will be a nominated member of staff responsible for NFIs. They will be supported by TH. **It was agreed to close this matter.**	

29.5	AL5 Counter Fraud Plan This matter has been discussed between KP and BB, and TH and BB. A jointly agreed plan would come to this Committee to sign-off and monitor progress. It was noted that the Counter Fraud "Progress Report" was included in this Agenda.	**AF**
29.6	AL6 Meeting Review from July Meeting ***Matrix* - it was agreed to send out to the Committee the updated Matrix**.	**AF**
	Losses & Special Payments and Waivers – **after discussion it was agreed that both of these needed to be reported to the Audit Committee for review (not approval). These would be reported half-yearly and would be added to the Matrix.**	**AF** **AF**
	Checklist from Audit Handbook – **completed and closed**.	
	Guidance for Authors etc – BB confirmed that as part of the review of governance a whole issue of items relating to meetings was being considered, eg standard templates for Agenda, reports etc. **It was agreed to close this mater**.	
29.7	AL7 Health and Safety Risks *Issues passed to Health & Safety Committee* –BB explained that follow-up action would be taken if necessary once the recommendations come to this Committee.	
30/10	**Board Assurance Framework (BAF) – Update on Progress of Revision** BB confirmed that the Executives are reviewing as a group Board Assurance and the Risk Register. Part of this process involves condensing reports, and ensuring that the appropriate risks are given to the appropriate person or group for action. This covers operational and Board issues.	
	It was agreed that this would be a standing item of the Agenda, and that the BAF would be reviewed at every other meeting. It was also agreed that at the next meeting there would be an extra ordinary review of the BAF.	**AF** **AF** **AF**
31/10	**Report of the Director of Finance and Resources**	
31.1	Losses and Special Payments BB explained that this enclosure showed unplanned payments. There were several issues raised regarding "special payments" relating to lost patient property:- 1. The "Lost Patient Property Policy" is being re-written by the Nursing and Quality Directorate 2. From a finance perspective there are no trends and losses are low	

	3. The impact on patients from a personal perspective was recognised and stressed. **It was agreed to ask VR to give a brief report to the next meeting.**	**VR/AF**
31.2 31.3	<u>Implementation of Audit Recommendations</u> As already stated (and to be covered in the internal auditors report), it is proposed that the Trust's audit recommendations go on to Parkhill's tracking tool. <u>Review of Financial Management and Governance</u> BB felt that due to the importance of this issue, the Audit Committee should be aware of the Trust's response to the Audit Commission. It showed that the Trust is making significant progress, and it was noted that the recommendations will be included in the tracking tool database. It will show the lead officer and Exeutive responsible for delivery, the agreed action, a deadline for completion, whether the action is closed and this Committee will monitor the delivery of those actions.. A frank discussion then took place covering the role of not only Audit Committees, but this Audit Committee in particular with specific regard to the letter. It was critical that this Audit Committee remains independent and challenges the processes and systems on which the Board places reliance. It should be able to take a view and report to Trust Board the level of assurance that it feels the Trust Board can take from thiose systems and processes.. The power to involve the Governors was noted. It was felt that the Audit Committee should have had the opportunity to review the original letter. The formal response which is obliged to come from Trust Board <u>must</u> have Audit Committee approval that it is robust. **BB would keep this Committee informed of matters relating to the review of financial management of governance**. The Terms of Reference and NHSAudit Committee Handbook were discussed as ways of reinforcing the independence of this Committee, and educating others in the organisation of its role. **PK and BB will take this issue forward to TB. BB agreed to send to NP a copy of the "Code of Governors" document from Monitor.**	**BB** **PK/BB/AW** **BB**
33.4	<u>Tracker Tool</u> FT elaborated upon the specifics of their tracker system. **It was agreed to see a first draft at the next meeting**. BB expected that at first this document will be large, but will become smaller over time as actions begin to clear and the Trust becomes more responsive to owning and delivering recommendations.	**FT/AF**

	This Committee will then be able to scrutinise the actions taking place. To a large extent it will reduce the Action List, but will not replace it. **It was agreed to review the actions from this issue at each Audit Committee, and incorporate any comments into the minutes and into PK's report to the open Board Meeting.**	**AF** **PK/AW**
32/10	**External Audit Report**	
32.1	<u>Progress Report</u> SH introduced this report which was self-explanatory, and added that she was having discussions with the finance team and internal audit. **After discussion regarding the process for disseminating weekly bulletins, it was agreed that BB and JO would ensure that the Board were kept informed of this process by adding something formally in the monthly Chief Executive's Report wherever appropriate.** PT asked if there was an issue with our coding standards. The Internal auditors confirmed that this area is audited, and that a sample download of activity data is being analysed and benchmarked. Coding is also covered nationally by the PBR which comes to the Committee.	**BB/JO** **AW**
32.2	<u>Quality Report – External Assurance On Quality Audit</u> SH reported that this report was presented at the last meeting, and highlighted the action plan. **BB would ensure that this information is put into the tracker database**.	**BB**
32.3	<u>Tracker Tool</u> **It was agreed that the "Tracker Tool Database" would be a regular Agenda item at the Committee, and that BB would be accountable for it.** The logistics of how this would work was discussed. It was confirmed that all recommendations will be included in the system, as it does prioritise.	**BB/AF**
33/10	**Internal Audit**	
33.1	<u>Progress Report</u> VP gave a brief verbal update on the items as listed in the Agenda, with half of them at the interim stage, with expected completion by November, and the latter half field work completed and at the meeting with staff stage.	

	There was some discussion surrounding the number of days worked/planned and the need for some audits to be phased to include final quarter information. FT highlighted 4.2 of his report which showed 60 recommendations yet to be cleared; of these 8 were high risk. However these had not been followed up because they were linked with capacity/18 week audit which will be encapsulated in the current audit. Concern was expressed regarding the age of some of the audits which appeared to be outstanding. It was felt that more narrative was needed as it was not clear if actions were outstanding as no response had been received, or whether evidence was waiting to be provided. FT assured the Committee that the Tracker System does send reminder emails on all outstanding recommendations. BB was unhappy with the information contained in this section, as it did not not reconcile with the data kept by finance. BB noted that when he was chasing Managers, they were giving him the clear message that their actions were complete. It was felt that the way forward was to move to the new data base, which would show detail on each recommendation. This would be checked and any matters of opinion would be altered at this stage to then reflect genuine items which were overdue. Finally as an observation, FT was asked that Appendix B highlight the current meeting column, and add a total number of days on page 14.	
33.2	<u>Turnaround Programme/CIP</u> VP reported that the fieldwork was complete and that a draft management letter had been produced. BB noted thatRichard Clayton, Programme Management Office lead disagrees with the contents and tone of the letter. This generated discussion about thedraft report, the impact of such report on public and regulator opinion and the critical nature of the timing and content of such a report. It was agreed that Parkhill needed to engage the appropriate managers and Executives in the completion of this report which should reflect the most current status of the Programme Management Office.. **BB assured the Committee of his personal involvement in this matter, and that feedback would be given to the next Audit Committee Meeting.**	**BB**
34/10 34.1	**Counter Fraud** <u>Progress Report</u> TH presented his 'Counter Fraud Update'. He added the following comments:-	

	1. once a report is described as "closed" there will continue to be ongoing review of areas and cases as required 2. further work is taking place with the Radiologists regarding accountability	
34.2	<u>Operation Caitlin – Final Report for information</u> This report had been provided by Trust's previous provider. It was agreed to close the report and it was confirmed that there were no recommendations.	
34.3	<u>General Issues</u> A general discussion took place about how this Committee could receive actual assurance that fraud is not (or is) a problem. It was agreed to circulate the LCFS newsletter highlighting common issues across the NHS and the provider's client base. It was noted that compound indicators also provide assurance to the Committee. **To supplement this information, TH would add slightly more detail to his report, including lessons learnt. BB would also send a quarterly NHS newsletter giving a more generic view of fraud to members**. Finally TH hoped that the Trust would go up to Level 3 compound indicators, and that this process would highlight any weaknesses in the organisation.	**TH** **BB**
35/10	**IGC Minutes – For Information Only** The Audit Committee reviewed thye minutes to identify any common issues between the Committees and to note appropriate assurance matters. *Education Committee* – lack of clarity over mandatory training/generic job training, recording and reporting. *Mixed Sex Accommodation* – it was confirmed this will continue to an item on the IGC. *Business Continuity* – lack of report. *Clinical Audit Report* – it was noted that following a presentation to the Board, no strategic direction had been provided. **BB would take this matter to the Executives.**	**BB**
36/10	**Review of Meeting** PK felt that this item reflected two areas; the first being horizon scanning and the second to revise and up-date the Self-Assessment Checklist.	

	Self-Assessment Checklist for Audit Committee **An updated "Self-Assessment Checklist" is attached to these minutes for information**. PT thought that there should have been some revised guidance received from Monitor regarding compliance framework. Parkhill had provided a copy but no one had seen it. **This will be investigated and resolved.**	**RL** **AF**
37/10	**AoB**	
37.1	Attendance by Scott Sherrard at Audit Committee **It was agreed that BB would discuss this issue with Scott. It was also agreed to add a yearly attendance to the Matrix for receiving his Annual Report.**	**BB** **AF**
37.2	NED Involvement in Trust Business **Parkhill agreed to establish how this happens in other Trusts.**	**FT**
37.3	Trust Board **BB and PK will meet to discuss actions/recommendations made by this Committee to Trust Board, to ensure that actions can be cleared. A schedule will be produced for the next Audit Committee.**	**BB/PK** **AF**
38/10	**Date and Time of Next Meeting** Thursday 25th November 2010	

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