

Minutes of a Meeting of the AWP NHS Trust Audit & Risk Committee

Date: Monday 2nd June 2014, 1500-1700

Venue:- Seminar Room 4, Jenner House, Chippenham

These Minutes are presented for **Approval**

Members Present

Tony McNiff – Non-Executive Director (Chair) Peaches Golding – Non-Executive Director

Staff in attendance

Alison Devereux-Pearce – Governance Support Officer (minutes)	Hannah Dennis – Corporate Governance and Legal Manager
John Ridler – Financial Controller	Sue Hall – Director of Resources
Tony Gallagher – Trust Chair	Karen Williams – Internal Audit Baker Tilly
Kevin Henderson – External Audit, Grant Thornton (in part)	David Taylor – Internal Audit Baker Tilly
Barry Eadle – Trust Counter Fraud Specialist	Simon Garlick – External Audit, Grant Thornton (in part)
Pippa Ross-Smith – Deputy Director of Finance	

Action

AR/14/019 – Declaration of Interests

1. In accordance with AWP Standing Orders (s7.1) members present were asked to declare any conflicts of interest with items on the Committee Agenda.

None was declared.

AR/14/020 – Apologies

1. Apologies were received from the following:

Emma Roberts – Director of Corporate Affairs & Company Secretary

Kristin Dominy – Director of Operations

Alan Metherall – Acting Director of Nursing

AR/14/021 – Minutes/summary from the previous meeting on 17.04.2014

1. P2 – Fee letter amount error should read *'increases'*
2. With this **amendment** the previous minutes were **approved** by the Committee.

AR/14/022 – Matters Arising from previous meeting on 17.04.2014

1. The Committee considered the Matters Arising and resolved to note progress and remove those items completed.
2. Escalation of Risk – BANES3: The Committee requested a report on the

process of escalation of the risk BANES3 following discussion at its meeting on 17 April 2014. Three serious incidents were subsequently escalated as per ET to the Trust-wide Risk Register with executive and CIOG oversight. The Chair questioned that the escalation process was followed because the issue was originally raised at the Committee.

3. The Committee **resolved** to **NOTE** the update.

AR/14/023 – Register of Gifts & Hospitality

1. The Register of Gifts and Hospitality for 2013-14 was presented for the Committee for review.
2. The Committee **resolved** to **NOTE** the report.

AR/14/024 – Review of Audited Annual Accounts and Financial Statements 2013/14

1. The Committee was presented with the Audited Annual Accounts and Financial Statements 2013/4. The following items were noted and discussed:
 - 1.1 **The Accounts and Financial Statements are substantially complete** and External Audit gave their unqualified opinion, although very minor final changes need to be made. The Director of Resources gave assurance that the changes made will not impact on 2014-15.
 - 1.2 **Value for Money – resilience report;** this reflects the changing business development structure of the Trust and that the PMO is now in place. The status is now amber. The Value for Money element supports the Trust moving forward appropriately and delivering against its plans.
 - 1.3 Tony Gallagher commented that the report shows a balanced view in accordance with Audit colleagues and could take comfort in the delivery in which difficult issues were positively dealt with.
 - 1.4 **'Agreement of balances'** £587,000 relates to the sum of several outstanding invoices for Swindon CCG even though both organisations are operating through the NHS protocol for agreeing balances.
 - 1.5 **Audit finding** – Two significant risks were identified in relation to improper revenue recognition and management override of controls, although it was confirmed these are not pertinent to the Trust. This section of the report also mentions authorisation of journals. Findings against other risks were: healthcare, validity, remuneration and testing of senior management after the meeting audit. The action plan has been responded to by the Trust.
 - 1.6 **Trade Creditors;** no significant issues identified.
 - 1.7 **Accounting policies:** there were some amendments to this section, detailed as per hard copies provided to the Committee in the meeting.
 - 1.8 **Internal control issues** are reflected in the action plan.
 - 1.9 **Reference costs** were discussed and it was acknowledged by Audit that Mental Health is a difficult area to gauge costs within, as opposed to other providers such as Acute Trusts.

1.10 **Action plan** – Management has agreed all actions.

2. **Report on the Quality Account:** External Audit confirmed that the report is finalised. Page 5 gives key messages confirming compliance with regulations are satisfactory, though the Trust should ensure data for the last 2 periods is included for core indicators. Data is satisfactorily consistent with other sources but there is a need for the Trust to review external sources also. Testing of performance indicators was also satisfactory. Page 9-10 outlines performance indicator work now completed.

The Chair commented upon consistency with other sources of information and that improvements must be balanced with Trust performance. Transparency is of great importance; the Quality Account does give a balanced account which is aligned to Audit assurance.

3. The Committee **resolved** to **NOTE** the reports.

AR/14/025 – Review of Annual Report 2013/14

1. The draft Annual Report 2013-14 was presented to the Audit and Risk Committee for approval. The Committee was presented with:
- Annual Report with Summary Financial Statements
 - Annual Report with Full Accounts
 - Annual Governance Statement
2. The Annual Governance Statement was submitted to the NTDA on 25 April 2014, with the approval of the Executive Team.
3. Full accounts will be published on the Trust website. Comments need to come back to Hannah Dennis with regards to text content. The Chair observed that the Committee needed more time to reflect on the report to do a proper assessment and requested that Non-Executive Directors revisit and make further comment – agreed as an action & noted.
4. The Committee **resolved** to **NOTE** the report.

AR/14/026 – Counter Fraud

1. **Progress Report:** the Committee received a progress report, the following issues were discussed.
- 1.1 The self-review assessment (web based return) will be completed at the end of June by Barry Eadle who will liaise with the Director of Resources before entry.
- 1.2 Twenty nine invitations have been received by the Counter Fraud Specialist to attend team meetings to discuss counter fraud awareness within the organisation.
- 1.3 The issue of initial engagement for staff commencing at the Trust was discussed and a change to the induction day format. A face to face presentation by Barry Eadle to raise awareness was mooted. He has met with the new Head of Learning & Development who is reviewing the

process and contents accordingly.

- 1.4 The Chair expressed his hesitation over usage of a video playing in the background featuring Counter Fraud whilst lunch is consumed and reiterated the Committee's view that lunchtime is inappropriate to cover counter fraud awareness and requires more prominence and, in addition, emphasises the route to specialist input. The eLearning package is also being rewritten to raise awareness and profile.
2. **Annual Report:** The Committee positively received the report. No comments were made.
3. The Committee **resolved** to **NOTE** the reports.

AR/14/027 – External Audit Progress Report

1. The Committee positively received the report. No comments were made.
2. The Committee **resolved** to **NOTE** the report.

AR/14/28 – Internal Audit Progress Report

1. The Committee received Internal Audit's Annual Report in which two areas of weakness have been identified; namely, payments to staff (which the Trust is addressing) and Regularity Reviews which Management is already taking action to address.
2. Internal Audit have provided an unqualified opinion through the Head of Internal Audit Opinion, and it was acknowledged that there is better management of Risk Registers and IBP process.
3. Benchmarking information was confirmed to provide a degree of comparison, but was acknowledged as a guide, rather than an absolute.
4. Internal Audit gave assurance that they are comfortable with the acceptance of recommendations and intention to take them up by the Trust.
5. Follow up work is making adequate progress with no conflicts of interest and compliance with Internal Audit standards.
6. The report was positively received by the Committee with the Chair commenting that Risk Registers are more clear and driving the business forward.
7. The Committee **resolved** to **NOTE** the report.

AR/14/0029 – Receipt of Internal Audit Reports and Associated Opinions

1. **Information Governance Toolkit (Version 11):** Internal Audit were requested to focus on known areas of weakness to provide advisory guidance in regard to the degree and quality of evidence to meet the level 2 assessment. Internal Audit advised that the action plan to achieve level 2 before year end was successful. Elements are already in place within the Trust for improvements.
2. **Preparation of Quality Accounts:** Trust processes were reviewed to assure the content in reporting. A recommendation for reconciliation at year end was rated as 'medium priority'. Processes were discussed for a formalised approach and sign off for new compliance. No concerns were noted over accuracy and

content. Audit approved the Quality Account but requires the full final version to go to Board in June.

3. The Committee **resolved** to **NOTE** the reports.

AR/14/030 – Internal Audit Plan 2014-15

1. The Committee received a plan from Internal Audit for approval. It has been developed with significant input from the Director of Resources and has been circulated to the Executive Team.
2. Q1 work has been drawn up as requested; the Assurance Framework and risk management will continue to be used to further develop this.
3. The plan in quarter 1 includes reviews of workforce planning, to focus on implementation of revised staffing levels, and medical staffing, focusing on job plans, payments to medics, and engagement of locums in Q1.
4. Clinical audit work regarding processes and joint working will result in the relationship between the Quality & Standards Committee and this Committee to be positively strengthened.
5. Mandatory Training was raised by the Chair in the Committee pre-meeting in which he reiterated the need to deliver a quality service and staff to undertake mandatory training. The Trust needs to reinforce the importance of clinical training but also to implement statutory/ mandatory training. Executive Directors are to report back to this Committee as to how they will ensure this is implemented across the Trust.
6. Days for delivering the plan were confirmed and contingency days for additional audits will be charged at the usual day rate.
7. Internal Audit assured the Committee that the plan would provide the assurance they felt the Trust required for 2014-15.
8. The Committee **resolved** to **NOTE** the report and agreed the **ACTION** that
 - **Executives are to report back to this Committee as to how they will ensure statutory/ mandatory training along with clinical training will be taken up within the Trust.**

Execs

AR/14/031 – Impact Assessment Process Review (as escalated from Q&S Committee)

1. The Committee reviewed the procedure and screening tool used for Quality Impact Assessments by the Quality & Standards Committee and to report back.
2. The Chair and Committee positively reviewed the Screening Tool used to complete Impact Assessments but it was noted that the financial impact is not held separately and is pertinent to use when assessing any development for CIP and quality. However, the material financial impact is not picked up in QIAs which has the potential to have series of costs but assurance was given by the Director of Resources that this is covered in the toolkit that supports the QIAs

developed by the PMO.

3. The Committee **resolved** to **NOTE** the report and for the findings to be passed back to the Quality & Standards Committee.

AR/14/032 – Progress against Internal Audit Recommendations

1. The Committee received a report summarising internal audit recommendations which have reached their implementation date since the previous Committee meeting and have been confirmed as implemented, passed their expected implementation date and require further action, or have an extended implementation date.
2. 33 recommendations have been closed since the last Committee meeting.
3. Ops SMT are pulling together evidence with local records for Regularity Reviews. Assurance was given over ongoing and past implementation date items being worked on and addressed.
3. The Chair commented that past implementation dates need reviewing against the reports for clarity and reiterated the importance in understanding past dates but stated it illustrated an excellent control overall.
4. The Committee **resolved** to **NOTE** the report.

AR/14/033 – Directorate/ Locality Risk Registers

1. **Clinical Executive:** The Committee **resolved** to **DEFER** the risk register until the next meeting.
2. **Swindon:**

SW02: This risk has arisen due to the commissioned Memory Service having large waiting list and subsequent back log of referrals. An options paper has been produced but there is currently no clarification or agreement with progress.

Additional funding has been identified to tackle this backlog and regular meetings with the CCG and GP's are held but there is no resolution as yet. TG and IT met with the CCG to discuss this issue and acknowledged there was a reputational risk in that the CCG can't control GPs but regrettably the Trust receives bad press. The CCG and TDA do, however, understand the current position.

SW05: This risk concerns itself with quality of service from the Intensive team which now has substantive Team and Service Managers in place. Progress is being made and the issue is being managed. Problems have been identified about cultural issues, and a HR specialist is to come in and perform intensive 1:1's with individuals.

TG commented on the concern discussed from a recent Board meeting over safer staffing levels, with FTE staff needed at much higher level (42 required but currently only 24) and he asked why this matter was not on the Risk Register? SH to forward report and the locality will review.

ACTION: Newlands Anning is to report back to the Committee with assurance over how this is being addressed.

The LIFT service is also on the Risk Register with acknowledged service issues. The Chair questioned if the Team were getting support centrally?

ACTION: KD to feedback to Committee over the work being done to address the LIFT issue.

3. **South Gloucestershire:**

The IAPT service which was 'inherited' by the locality last December was discussed as the Triumvirates biggest risk; this presented with a long waiting list for service but has experienced a financial shortfall in managing the service due to the terms of the contract set up, which will continue for another year.

A financial risk identified to South Gloucestershire and Bristol was discussed. Peter Wilson is the supporting the team and liaising with the CCG. Sarah Branton is meeting with the team to discuss alternative work models and present these to South Gloucestershire CCG as part of a renegotiation.

GP practices are not allowing the Trust to provide services from within in their practices which has impacted on renting costs for Estates, and these costs are not covered within the contractual position as a block amount.

The Chair observed that an assessment of what the contract does and doesn't cover needs a greater understanding;

ACTION: SH to discuss with the Client Account Manager for South Gloucestershire (LIFT contracts are all being reviewed)

TG commented upon the broader issue with LIFT in Bristol and others being on the Trust-wide Risk Register. He asked for this possible cumulative risk to be reviewed by the Executive Team and responded to.

SG08 –It was acknowledged that this risk requires reviewing and removal accordingly. Assurance was given over actions for Whittucks Road with care planning in place, staff training and the CQC revisiting over the next few weeks, and this update was acknowledged positively by the Committee.

4. The Committee **resolved** to **NOTE** the reports.

AR/14/034 – Monthly Payroll Return Review

1. The Committee received a verbal update from the Director of Resources who gave assurance that issues relating to the monthly Payroll return are being addressed.
2. Procurement/ ordering has also been reviewed and JR is to meet with KD to report back improvements. Business Co-ordinators in Corporate Services are to all trained on Agresso which will implement a reduction in non-compliance. Internal Audit will be reviewing.
3. The Committee **resolved** to **NOTE** the update.

AR/14/035 – Information Governance Annual Report

1. The Committee received a report to brief them on the standards of Information

Governance compliance achieved for the financial year 2013/14 and the arrangements in place to ensure the maintenance of compliance in 2014/15. It describes the management, assurance and reporting systems in place for the stewardship of Information Governance.

2. Benchmarking figures in the report were discussed by the Chair and the method through which we obtained our rating whilst considering the criteria. The Committee noted that the Trust receives more FOI requests than an Acute Trust. After reflection, the Committee agreed to invite Julie Benfell, Information Governance Manager, to deliver a more in depth report during the year.
3. The Committee recognised more resource is required as the Governance Team have taken on the administration of FOIs which will allow full support to the IG Toolkit by the Information Governance Manager.
4. Internal Audit commented on the value of investment into reporting and improving this factor as a Trust to gain the recognition and improve its score.
5. The Committee **resolved** to **NOTE** the report.

AR/14/036 – Update on Quality Account 2013/14

1. The Committee received an update on the progress for producing the Annual Quality Account 2013/14 to the required timescales and to the specifications as set out by legislation, Department of Health good practice guidance and Monitor guidance.
2. The Audit & Risk Committee were recommended to:
 - 2.1 Note the progress with developing the Trust's Quality Account 2013/14
 - 2.2 Approve the current draft version (Appendix A) for on-going final editing in response to comments received from Health Overview and Scrutiny Committees, Wiltshire Healthwatch, the Local team of NHS England and the Lead Commissioner for comments where appropriate.
3. The Committee **resolved** to **NOTE** the report and **APPROVED** the current **DRAFT** version of the Trust's Quality Account 2013/4.

AR/14/037 – Committee Evaluation

1. The Committee evaluated the meeting identifying particularly successful elements as follows:
 - Good discussions were had, with a clear understanding of taking the Internal Audit plan forward reached. There is further work to do on the content of the agenda and timing as to what is discussed by the Committee

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- The Local Counter Fraud Specialist noted that they had stayed for the whole meeting which was of benefit, but the Committee agreed that in future the Counter Fraud update will be agenda'd early and the Specialist could leave once delivered.
- It was noted that the Counter Fraud paper was encouraging in terms of feedback from Managers. The discussion at beginning of meeting regarding the annual accounts was highlighted as challenging but agreed a good way forward.
- It was discussed that the June meeting is a key meeting for the Committee and needs to focus on the financial position, ensuring appropriate time to review.
- The Committee was seen as being in a better place in challenging information presented to it currently, with issues discussed and need to come back to assurance, exchange and challenge were good.

2. Less successful elements were identified as:

- The agenda for this meeting was too lengthy as there were some challenging issues to be discussed, although the Committee handled a difficult situation very well with good work.
- There was some disappointment around the External Audit report, although this has been acknowledged and now dealt with.

/14/038 – Any Other Business

1. None was noted.

AR/15/039 - Issues referred from/ to other Committees or to Board

1. The Committee's findings into the Impact Assessment Process Review today are **AD-P** to be referred back to the Quality & Standards Committee as requested.

Date of next meeting:

15th August 2014, 1500-1700, SR4, Jenner House

Minutes Prepared for the meeting of Audit & Risk Committee dated 2.6..2014

Sponsored by the Chair

Agenda Item:

Serial:

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