

Held on Wednesday 11th April 2012, Chief Executive's Office, Jenner House

Minutes

Present:	Tony Gallagher (Non-Executive Director), Peter Greensmith (Non-Executive Director), Anthony McNiff (Non-Executive Director), Alison Paine (Non-Executive Director)
In attendance:	Laura McMurtrie (Chief Executive), Paul Miller (Director of Finance & Commerce & Deputy Chief Executive); Sally Flett (Audit Commission); Ryan Richards (RSM Tenon); David Taylor (RSM Tenon); John Ridler (Acting Head of Financial Control/Senior Financial Accountant); Dave Downing (Local Counter Fraud Specialist); Hazel Watson (Executive Director, NCAS); Helen Chivers (Head of Exchequer)

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<p>1. Apologies</p> <p>Andy Sylvester (Operations Director) Wayne Rickard (Audit Commission), Pippa Ross-Smith (Deputy Finance Director)</p>	
<p>Tony Gallagher welcomed two Non-Executive Directors to the committee – Alison Paine and Tony McNiff.</p>	
<p>2. Minutes of the meeting of 20th February and matters arising not on the agenda elsewhere</p> <p><i>Review of Annual Accounts timetable</i></p> <p>The Final Accounts and Annual report referred to should say 2011/12.</p> <p>With this amendment, the minutes were agreed as an accurate record.</p> <p>Matters Arising</p> <p><i>Update on Local Authority Agreements</i></p> <p>HW tabled a paper on the existing Section 75 arrangements between AWP and its 6 Local Authority partners. She outlined that things are moving rapidly especially in Wiltshire where there is likely to be a cessation of partnership working. It will be necessary to work through the financial implications of this for the Trust.</p> <p>TG welcomed the paper which assured the committee that the Trust is working through a process with all parties. It was agreed that the committee would return to this when the Trust has agreements in place, either contractual or otherwise. HW undertook to provide updates as these processes evolve.</p>	<p>HW</p>

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<p><i>Interim Audit Report 2011/12 – Payroll</i></p> <p>The committee received an update paper on the issues around control of the authorisation of employee timesheets and progress on a potential electronic solution.</p> <p>The current position at Month 11 was noted. New guidance has been circulated to line managers on their responsibility to ensure the appropriate approval of payroll forms. The process of looking at an electronic solution and the controls and risks associated with this were discussed. It was acknowledged that the development of this through the IM&T Workplan would be time consuming and that the materiality of the risk associated with this would need to be assessed against clinical priorities on the workplan.</p> <p>PM stated that he felt that the current position was a reasonable status quo in that risks can be monitored. TG expressed concern over the organisation’s ability to assess the materiality of the risk and to judge the status of it if there are overpayment issues that are unknown to it.</p> <p>It was agreed that PM would clarify if the permanent electronic solution has still been included in the 2012/13 IM&T Workplan. PM indicated that, if this was felt to be a significant risk to the Trust, that it would be possible to prioritise the proposed electronic solution on the workplan above other potential clinical priorities. TG stated that he would not be convinced to do this for the £80k overpayment that is indicated in the paper but that he was not clear that this was the full extent of the organisation’s vulnerability.</p> <p>It was agreed that this action be left open for further analysis on the make up of the £80k overpayment at Month 11 and further audit work to ensure that the Trust is fully covered in this area. It was finally agreed that the major issue in the control of this is the management of the process.</p> <p><i>Tracking of Risks</i></p> <p>The NCAS Risk register is on the agenda of this meeting to be reviewed and others Trust RR will be looked at through the year.</p> <p><i>Improving the Acute care pathway</i></p> <p>The committee received an update on the audit review and revalidation of this work.</p> <p>It has been agreed that RSM Tenon will re-run and re-validate this for assurance purposes. PM will confirm when this will take place.</p> <p><i>Sickness Absence Management Report</i></p> <p>Further analysis of information to better triangulate patchy performance within the organisation was received. TG identified that the aim of this was to attempt to understand the relationship between performance and sickness levels. PM noted that the Adult Community SBU, which has been an area of concern for the Trust, has one of the best sickness absence records. It was confirmed that management has sight of these issues through the SBU Scorecard and monthly/quarterly review process.</p>	<p>PM</p> <p>PM/JR</p> <p>PM</p>

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<p>the committee at a later meeting.</p> <p><i>Internal Audit Plan – Interaction with Carers</i></p> <p>Service Users are now to be included in this audit and included in the revised audit plan from Internal Audit. It is proposed that this will be undertaken in the first quarter. HW requested that some wording around patient safety and risk be amended and it was agreed that she will make proposed amendments for TG's consideration.</p> <p><i>Receipt of Internal Audit reports and Associated Opinions – Payments to staff</i></p> <p>The re-audit of the expense claims process has been added to the IA Audit Plan and is due to be completed in May.</p>	<p>HW</p>
<p>3. Review of Risk Registers</p> <p>TG underlined his concern about the mobility of risk, how risks are scored and the relationship between directorate and corporate Risk Registers.</p> <ul style="list-style-type: none"> • NCAS Risk Register <p>HW presented the April RR from the NCAS Directorate. She stressed that every part of the directorate owns an element of this. Each department is allowed no more than 3 risks and, if more than this, a discussion is required. It is an active risk register, examined by the directorate senior management team and considered at Performance EMT. Risks raised to the corporate risk register are those deemed of corporate importance.</p> <p>TG noted that this committee intends to review the process around risk registers and that there is a question around the nature of a risk as it impacts on a directorate versus the impact on the Trust as a whole and also the balance between commercial and clinical risk.</p> <p>HW stated that, in considering these issues, she takes into account the role of the directorate or function and its contribution to the running of the organisation.</p> <p>TMc questioned how risks are referred elsewhere in the organisation and noted that this is done via email or more formally at Performance EMT. Another SBU or Directorate may then chose to put the risk on their risk register following discussion on these issues at this meeting. It was agreed that this could be a weakness in the system if key personnel were not present at Performance EMT.</p> <p>AP noted that the same risk may appear on separate risk registers, expressed differently. Even if this is consolidated into a more comprehensive risk following conversation at Performance EMT, the subsidiary risk may continue on one or a number of SBU/Directorate RR.</p> <p>TG questioned the process of getting risks onto the functional RR that feed into the NCAS RR. It was also questioned how the risks are escalated from the function and if this process is visible. HW acknowledged that the process</p>	

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<p>works better escalating up than down. TG asked that should a nurse have a safeguarding issue, how would that be aired and it was noted that this would be through the management or professional route and put on the RR should it be considered necessary. HW identified that she felt that RR work best around systemic risk rather than individual risk.</p> <p>It was noted that there is to be a meeting around the correlation of issues that come out of Clinical Audit and the RR as it is recognised that these are not as aligned as they should be. She undertook to report back on this.</p>	<p>HW</p>
<p>4. Update on Quality Accounts</p> <p>AT presented an update paper on the process and progress for producing the annual Quality Account 2011/12. The current draft was attached at <i>Appendix A</i>.</p> <p>TG questioned whether all internal review processes have taken place and it was confirmed that engagement is much improved this year. This report is due to be formally presented to the May Board and this will have the full year data.</p> <p>It was agreed that some statements within the report could be seen as misleading and written with an element of spin. Further background information, context and elaboration was requested. AP noted that there was no shame in the Trust acknowledging it is sighted on any issues of poor performance and TMc requested that a sense of the timeline in carrying forward quality recommendations from previous years would be helpful.</p> <p>TG summed up that this report should not attempt to gloss over performance, statements should be accurate and explained and brevity and better focus may be an advantage. These comments will be taken forward into the final draft for the consideration of the Trust Board in May.</p>	<p>AT</p>
<p>5. External Audit Progress Report & Briefing</p> <p>The committee received this report which updated it on progress in delivering the 2011/12 audit plan and also highlighted key emerging nation issues and developments.</p> <p>Sally Flett noted that auditor guidance re the review of Quality Accounts is not available yet. She is anticipating a limited assurance report and will check that all issues in the guidance are covered.</p> <p>PM will check if he has had the engagement letter for the Charitable Funds independent examination scheduled for later in the year.</p> <p><i>Update on the externalisation of the Audit Practice</i></p> <p>It was noted that the firm successful in the South West is Grant Thornton and that employees of the Audit Commission will TUPE across in October.</p>	<p>PM</p>
<p>6. Internal Audit Progress Report</p>	

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<p>The committee received this report which summarised the outcome of work completed to date against the internal audit plan 2011/12. the committee noted the final reports issued and those remaining in draft.</p> <p>It was noted that the fact that there are two reports with red opinions, Performance Reporting and Medicines Management, which will be reflected in the Internal Audit Annual report. Both these reports are for consideration on this agenda.</p> <p>PM identified the challenge for the Executive Management Team (EMT) around the closing off of Audit recommendations. It was agreed that the process needs to be speeded up and improved. TG made it clear that he was not happy with actions taken against an interim report. JC confirmed that the Financial Control Team would work on improving this process but noted that whilst, completion of recommendations against the original target dates in some cases looked poor, actions were being completed in the interim.</p> <ul style="list-style-type: none"> • <i>Advisory report on themes/issues which are risks to the organisation</i> <p>David Taylor noted that this report does not identify trends but has tried to capture areas of weakness including consideration of KPIs related to sickness, training and appraisal. These themes were agreed to be aligned with other areas of scrutiny and were of major concern.</p> <p>TG welcomed this as a useful report and asked that key issues be identified for the committee's attention. DT noted that there were no consistent failures across the board.</p> <p>In response to a query from AP, it was noted that the locality sickness figures are the trust wide sickness absence rates as reported on the locality scorecards.</p> <p>TMc expressed concern at the Adult Acute Inpatient and Adult Acute Community appraisal rates and it was agreed that this may be a factor of staff being overburdened and an indication that they may not understand the emphasis on metrics and performance.</p> <p>It was agreed that this issue be considered at the end of the meeting by non-executive directors and that a decision be considered on how this is presented to the Trust Board.</p>	
<p>7. Receipt of Internal Audit Reports and Associated Opinions</p> <p><i>Medicines Management</i></p> <p>The committee received the report on this audit which reviewed associated Trust processes and compliance with the following policies:</p> <ul style="list-style-type: none"> • Administration of medicine • Prescribing medicine • Ordering, storing, disposing and transporting medicine <p>It was noted that the audit fieldwork was undertaken using a pre-approved</p>	

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<p>checklist which had been developed in conjunction with the Chief Pharmacist and that a sample of units and wards were visited unannounced.</p> <p>The overall opinion for this audit was RED due to a number of compliance issues related to the control framework. The Action Plan and associated recommendations are outlined within the report. DT noted that no particular theme was identified within these recommendations and that they have been accepted by management with implementation dates set.</p> <p>TMc questioned that the risk around the maladministration of prescribed medicines is categorised as a Medium, but has a direct bearing on patient risk, whilst other higher risks are administrative. PM agreed to confirm with the Chief Pharmacist that this is appropriate.</p> <p>TG requested that the Chief Pharmacist and the Clinical Director Liaison and Later Life come to the next meeting of this committee to discuss categorisation of risks, timings of implementation dates and the management action being taken. It was agreed that, given this report is on a sample of Trust units there should be a wider checking process that there is on-going compliance across the organisation.</p> <p>TG underlined his expectation that there are a series of actions being taken and that the serious clinical implications of this audit are widely understood. It was requested that there should be a re-audit as soon as possible with a different sample of units and wards.</p> <p><i>Infection Control</i></p> <p>The committee received this report on the audit of Infection Control which looked at the controls put in place to comply with 10 nationally identified criteria.</p> <p>The overall opinion for this audit was GREEN with no recommendations. It was also confirmed that the Trust benchmarked well against recommendations made in audits of a similar nature in the sector.</p> <p><i>Performance Reporting</i></p> <p>The committee received the report on the audit of Performance reporting to assess controls in place to manage the following objectives and risks:</p> <ul style="list-style-type: none"> • <i>Objective</i> – To monitor performance across the Trust to ensure that under-performance is managed and improved upon, ensuring high quality care for all • <i>Risk</i> – Financial and reputational loss due to under-performance against targets. <p>Work on this had started last year and was co-sponsored by the Executive Director of Operations and the Medical Director/Executive Director for Strategy and Business Development. This was in response to concern around the input of accurate information and the understanding of the rationale behind the input of the information.</p> <p>The overall opinion for this audit was RED with two high recommendations with key concerns centred around the design of the control framework and</p>	<p>PM</p> <p>LH</p> <p>IA</p>

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<p>reflected in this report as this is not a live update but reflects the position when reports are loaded on to the system. It was agreed that it would be more appropriate that the committee is appraised of interim actions and that only issues which are not being closed off should be highlighted for consideration.</p>	<p>JR</p>
<p>9. Review of 2011/12 Accounting Policies</p> <p>The committee received this report for it to review and approve the draft accounting policies to be used in the preparation of the 2011/12 year end accounts.</p> <p>It was confirmed that this report has been considered by EMT.</p> <p>TG asked for confirmation that issues related to the year end discussions with other organisations were covered and that this is explicit. PM and TG agreed to discuss this outside the meeting.</p> <p>The committee approved the review of the accounting policies that will apply for the annual accounts in 2011/12 and the removal of those policies outlined in the paper.</p>	<p>PM/TG</p>
<p>10. Approval of re-tender of Audit & Fraud services processes</p> <p>The committee received a plan for the re-tendering the Audit and Fraud services during 2012/13, subject to the progress of the Trust Foundation Trust Journey.</p> <p>This was agreed.</p>	
<p>11. Going Concern assessment</p> <p>The committee received this report to provide it with assurance that it has assessed and will remain a going concern for the minimum of the next 12 months.</p> <p>PM noted that it is important to note that this is for a minimum of the next 12 months and that the organisation will have assess itself going forward in light of the circumstances it then finds itself in.</p> <p>In response to a question around the finalisation of S75 agreements, PM noted that resolution of these issues would not present a risk for the Trust as a going concern.</p>	
<p>12. FGEB update</p> <p>The committee received this report for comment and sign off of evidence supplied for the purpose of maintaining an annual internal Financial Governance Evidence Base.</p> <p>It was noted that this has been internally reviewed and taken to EMT, peer reviewed at the Finance Management Group, returned to EMT and is now with this committee for final sign off. The final piece of the evidence attached, is due to be submitted in mid April.</p>	

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<p>This document has also been submitted externally to a third part for review.</p> <p>It was noted that the KLOEs are those as previously maintained by the Audit Commission and that, going forward, the Trust will need to adapt and amend these in line with the new challenges facing it.</p> <p>TG requested that this be reviewed at the end of the year.</p>	HC/LH
<p>13. Review of Standing Orders and Standing Financial Instructions</p> <p>The committee received this report with the proposed changes to the Standing Orders, Standing Financial Instructions (SFIs) and Scheme of Delegation.</p> <p>The committee approved these changes.</p>	
<p>14. Finance Registers</p> <p>The committee received this report to review the Finance Registers of the Trust.</p> <p>The area no non compliance with the SFIs relating to invoiced expenditure incurred without an order number was noted. The non compliance target is 10% and the current average is 30%. It was noted that the new finance system will improve this. TG expressed concern at this level and asked that further data come to the next meeting.</p>	JR
<p>15. Information Commissioner's Office Monetary Powers Report</p> <p>The committee received this report, which had been previously presented to the Information Governance Committee, and outlined the potential financial implications for the organisation of serious breaches of the Data Protection Act.</p> <p>AP queried the use of personal IT equipment as a NED and the ability to encrypt AWP information. PM will look at this and come back with a response.</p>	PM
<p>16. Agenda Plan</p> <p>The committee received this for information.</p>	
<p>17. AOB</p> <p>There was none.</p>	
<p>Date of next meeting</p> <p>1 June 2012</p>	