

Held on Friday 1 June at 9.00am, Seminar Room 4, Jenner House

Minutes

Present:	Tony Gallagher (Non-Executive Director), Peter Greensmith (Non-Executive Director),
In attendance:	Paul Miller (Acting Chief Executive); Pippa Ross-Smith (Acting Director of Finance & Commerce); Andy Sylvester (Operations Director); Arden Tomison (Executive Medical Director & Director of Strategy); Roger Bullock (Clinical Director, Liaison and Later Life SBU); Bina Mistry (Chief Pharmacist); Emma Roberts (Company Secretary); Sally Flett (Audit Commission); Wayne Rickard (Audit Commission); Ryan Richards (RSM Tenon); David Taylor (RSM Tenon); John Ridler (Acting Head of Financial Control/Senior Financial Accountant); Rebecca Paillin (Financial Accountant)

Item	Action By
<p>1. Apologies</p> <p>Anthony McNiff (Non-Executive Director), Alison Paine (Non-Executive Director), Hazel Watson (Executive Director, NCAS)</p>	
<p>Tony Gallagher updated the meeting that Tony McNiff will succeed him as Chair of the Audit Committee and that he will chair this committee today for the last time. He noted that there has been a review of Board Committees and that in future these committees will do more of the work of the Trust Board referring decisions to the Board for its endorsement.</p> <p>Tony confirmed that he had met with both Internal and External Audit and kept them abreast of recent changes within the organisation.</p>	
<p>2. Minutes of the meeting on 11th April</p> <p>Item 5, the first paragraph should read ‘ also highlighted key emerging <i>national</i> issues and developments’.</p> <p>With these amendments the minutes were agreed as an accurate record.</p>	
<p>3. Matters Arising action plan not on the agenda elsewhere</p> <ul style="list-style-type: none"> <i>Benchmarking Report on Management Costs</i> <p>An update was attached at Appendix 1 to the Action Plan.</p> <ul style="list-style-type: none"> <i>Update on Local Authority Agreements</i> <p>It was agreed that this action should remain open for HW to provide updates</p>	HW/LH

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<p>as processes evolve.</p> <ul style="list-style-type: none"> <i>Interim Audit Report 2011/12 – Payroll</i> <p>PM confirmed that an electronic solution is not included in the IT Work Plan but it is hoped that this could be added during the course of the year.</p> <p>TG noted that his concern had been whether 80k is the extent of the organisation’s vulnerability and he would like this action kept open until the level of exposure is confirmed.</p> <ul style="list-style-type: none"> <i>Improving the Acute Care pathway</i> <p>It was confirmed that this will be included in the Internal Audit Plan for this year.</p> <p>Peter Greensmith noted that he had been advised that face to face contacts would increase to 50% but it has been indicated to him that this level has not been reached. He stressed that he hoped that this was still the target.</p> <p>PM reminded the committee that there had been a disagreement on the methodology for counting this time during the initial review. TG underlined that if there is no improvement demonstrated in the contact it will be necessary to get a clinical view of how this is measured and the Professional Council may want to consider this issue. PM confirmed that he would ensure that all actions are followed through and that this may require discussions in a number of forums.</p> <ul style="list-style-type: none"> <i>Sickness Absence Management Report</i> <p>Julie Thomas has confirmed that she will keep this committee informed of any emerging issues in this area.</p> <ul style="list-style-type: none"> <i>Review of Risk Registers – NCAS Risk Register</i> <p>The correlation of issues that come out of Clinical Audit and NCAS Risk Register will be reported back to this committee following the Board Seminar on Risk Management on 10th July.</p> <ul style="list-style-type: none"> <i>Update on Quality Accounts</i> <p>This was reviewed at the Trust Board this week and it was confirmed that comments from this committee had been incorporated in the updated report.</p> <ul style="list-style-type: none"> <i>Information Commissioner’s office Monetary Powers report</i> <p>PM confirmed that he had not had the opportunity to look at the ability of NEDs to encrypt AWP information when using personal IT equipment. He will look at this urgently prior to the next meeting.</p>	<p>JR/LH</p> <p>PM</p> <p>PM</p>
<p>4. Review of Risk Registers</p> <ul style="list-style-type: none"> Medicine, Strategy and Business Development 	

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<p>TG requested a description of the approach taken in MSBD regarding their Risk Register and escalation and de-escalation processes.</p> <p>Arden Tomison confirmed that this is reviewed monthly and compiled with input from all deputies and heads of units. The level and definition of risk is considered collectively and progress is tracked across the year. Any decision on escalation of a risk flows from team discussion.</p> <p>TG queried how risks are escalated from below the Directorate senior management and whether there are subsidiary risk registers. AT confirmed that there were not and that individual departments own their own risks. It was discussed whether individual risk registers would give better assurance in determining escalation.</p> <p>TG questioned if subsidiary risk registers would encourage a better sense of clinical engagement and understanding of the process . AT noted that this would be achieved through discussion at various meetings and also that clinicians can raise concerns through SBU risk registers. Arden Tomison noted that the meetings concerned are varied in nature across the operational groups and are in the main clinical governance forums and professional groups such as the Medicines Management and R & D group.</p> <p>PM underlined that there is a need to understand the different roles of corporate and operational functions and that a failure of systems and procedures is down to a corporate directorate whereas a failure of compliance on the ground lies with the SBU. He felt that subsidiary risk registers may be helpful in the short term whilst the Executive Team formalise Trust practice.</p> <p>Roger Bullock noted that the important thing is about taking action and not allowing risks to sit on risk registers for a length of time without action being taken.</p> <p>TG reiterated that this committee needs to understand if we have a process in place and that it is working or, if not, why it is not working. Tony noted that the scoring appears arbitrary and that it would be useful to have a conversation with SBUs and Directorates to establish if the amelioration of scores is appropriate and that processes are understood.</p> <p>David Taylor underlined that we should not confuse risk and issue in that issues are things that need to be addressed and risk is about what could potentially happen.</p> <p>TG stressed that he encouraged the introduction of subsidiary risk registers for MSBD to enhance better understanding of the escalation process.</p> <p>AT undertook to review these comments within the Directorate and the Executive Team and come back to the next Audit Committee.</p>	<p>AT</p>
<p>5. Internal Audit Progress Report</p> <p>The committee received this report which summarised the outcome of work completed to date against the periodic internal audit plan for 2012/13.</p>	

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<p>The work in progress was noted.</p> <p>It has been agreed that it is appropriate to re-visit the Internal Audit Plan for 2012/13 and that this will come back to the next meeting of this committee.</p>	<p>DT</p>
<p>6. Follow up on Internal Audit RED reports</p> <p>It has been agreed that every Red report should be reviewed to understand the significant issues that may require re-audit and also to more broadly look at services and localities where these may also be endemic.</p> <p>It was also agreed that the key to these red reports is that we understand that an action plan is signed off, actioned and can plot where the Trust is against the actions.</p> <ul style="list-style-type: none"> <p>Medicines Management Report</p> <p>Roger Bullock welcomed this follow up process as it identifies a range of issues that he recognised across the organisation related to the administration and prescribing of medicines. He noted that he would welcome a robust discussion on medicines management in the Operations Directorate, which should include the Chief Pharmacist, as some of this concerns SBU funding. He underlined the over reliance on junior doctors who do not receive any induction on drugs management. Arden Tomison agreed with this and noted that these junior doctors should be supervised. He suggested that a solution to this may be about enhancing pharmacy on inpatient units and a sustained programme of education.</p> <p>Andy Sylvester noted that the Bina Mistry, the Chief Pharmacist has met with Service Directors and that discussions have taken place about freeing up funding to take on additional pharmacy technicians. He underlined that it would be a mistake to believe that no action was being taken.</p> <p>Bina confirmed that she had undertaken a number of audits around prescribing all of which had come back with similar issues to those identified in this report around training, supervision and scrutiny of prescription. She noted that as resources are limited this will challenge the organisation going forward. Following conversations with the Operations Directorate a number of actions have been taken such as e-prescribing being introduced to address some outpatient issues. It has also been debated whether this should be introduced across the board.</p> <p>Roger underlined that he was concerned that there was a concentration on functional solutions when a significant issue is about clinical engagement and strategies that are not adhered to.</p> <p>Tony Gallagher asked that the specific issues concerning the filling out of drug charts and the management of drugs cupboards be closed off and assurance be provided that this has happened. He noted the themes that had emerged around appropriate induction for junior doctors, reporting</p> 	<p>AS/BM</p> <p>AT - Induction AT - Supervision</p> <p>AS</p> <p>BM</p>

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<p>lines for pharmacy and medicines management and staffing levels and felt it appropriate that these should be re-visited. He underlined his expectation that, as a clinical priority, this is being addressed through Professional Council and that the Quality and Healthcare Governance Committee is also sighted on this. In terms of the risk management and staffing concerns related to this issue he would expect a response from the Executive Team.</p> <p>Andy Sylvester noted that it is helpful that the Trust is sighted on these issues and that there should be a discussion and action plan to address the residual problems. Tony Gallagher requested that an interim action plan should be received by the Trust Board.</p> <p>Roger Bullock reiterated the need for better clinical engagement and guidance on how to do these things better.</p> <ul style="list-style-type: none"> • <i>Performance Reporting</i> <p>The Committee noted that the two high recommendations within this report demonstrate a disconnect within the organisation regarding how performance is managed. They also highlight a lack of understanding between clinicians, the data warehouse and the performance team.</p> <p>The Performance Solutions Group addressed a number of actions following receipt of the draft report. This group came to the end of its remit in May.</p> <p>It is acknowledged that progress has been slow. The RiO Project Board has transferred to NCAS and become a Clinical Systems Group the emphasis that this is a clinical record with an added dimension for supporting the measurement of quality related to clinical practice and record keeping.</p> <p>The Trust has also gone back to commissioners to review performance targets in terms of perceptions about performance descriptors. It is acknowledged that there is variable understanding within clinical teams around performance and targets and what they mean.</p> <p>Some actions have not been in place long enough for change to be evident. Andy Sylvester and Arden Tomison are reviewing progress. Better definition of targets and improved information given to clinical teams is expected to produce more robust inputting of information. This will be through the Clinical Systems Group.</p> <p>Tony Gallagher welcomed progress made and questioned if there is a correlation with RiO training and that training for the first cohort has been replicated.</p> <p>Arden Tomison noted that the Trust is conscious of a need to maintain a training programme and that it is recognised that the next roll out of RiO will require re-training for the whole cohort of staff. It is intended that this will make performance information more meaningful. Tony Gallagher asked that data warehouse training should not be deferred.</p>	<p>AT</p> <p>PM</p> <p>AT/BM</p> <p>AT</p>

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<p>Tony Gallagher welcomed the move of the RiO Project Board to the NCAS directorate. Andy underlined that the switch to NCAS has shifted the emphasis from performance data to a clinical record for the patient.</p> <p>David Taylor commented that in relation to comment that progress has been slow, follow up work on RiO has taken place and this is on the Internal Audit radar. Andy underlined that Internal Audit will be requested to re-visit this in 6 – 8 months. Tony asked that the organisation should agree where actions have been implemented and suggested that the re-visit of this issue should happen more swiftly. Paul Miller and Tony McNiff will meet with Internal Audit to discuss this.</p>	<p>PM/TM/DT</p>
<p>7. Progress against Audit Recommendations</p> <p>The committee received a live report on the status of outstanding audit recommendations.</p>	
<p>8. External Audit Progress Report</p> <p>The committee received an update on progress in delivering the 2011/12 audit plan and also information of key emerging and national issues and developments.</p> <ul style="list-style-type: none"> • Interim Report <p>The committee received a paper which set out the key findings from the interim audit visit.</p> <p>It was noted that the review of the Trust's systems and controls identified no significant weaknesses.</p> <p>It was also noted that the IT risk assessment identified weaknesses that the Trust should address but that these have not had an impact on the audit opinion testing strategy. Paul Miller confirmed that the outstanding recommendations from the 2010/11 interim report relating to the Trust's IT arrangements are both included in the IM&T Workplan and that the work relating to staff on ESR is a significant piece of work that both recommendations will be closed off this year.</p> <p>Tony Gallagher queried the second recommendation concerning junior doctors signing the Trust's acceptable use policy. It was confirmed that this should be addressed by an improvement in the induction of junior doctors. Tony suggested that this should be signed at the same time as a contract of employment.</p> <ul style="list-style-type: none"> • Annual Governance Report <p>The committee received this report which summarised the findings from the 2011/12 audit. This includes messages arising from the audit of financial statements and results of work undertaken to assess the Trust's arrangements to secure value for money in the use of resources.</p> <p>It was noted that, that subject to satisfactory clearance of outstanding matters,</p>	<p>AT</p>

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<p>it is planned to issue a standard audit report including an unqualified audit opinion on the financial statements. No material errors or uncertainties in the primary financial statements were identified however a small number of non-trivial disclosure errors in the supporting notes were identified. Management has amended these notes. It was noted that these small number of issues underlines the quality of this report and statements and that this is a testament to the finance team.</p> <p>An unqualified Value for Money opinion has been issued which has been based on consideration of the Trust's current position. It was underlined that the SHA governance report has been taken into account when coming to this opinion.</p> <p>It was confirmed that it is not possible to issue a report on the Quality Accounts, this is no reflection on the Trust as submission of the draft quality account is in line with the nationally agreed timetable.</p> <p>External Audit noted that it has not undertaken detailed work on the 2012/13 IBP but has taken assurance from the HDD brief. It is satisfied that for the next 12 months the Trust is financially viable and there is no indication that it will not be a going concern in the next 12 months.</p> <p>Tony Gallagher thanked the finance team for the good reports over recent years and noted that this is recognised by the Board.</p>	
<p>9. Review of Annual Accounts and Financial Statements</p> <ul style="list-style-type: none"> Summary of Financial Information for 2011/12 <p>The committee received the 2011-12 annual accounts and key issues in producing the accounts.</p> <p><i>Restatement of Opening Balances</i></p> <p>It was noted that this has been a more stringent process. In response to a question around shared responsibilities for Out of Area treatment, John Ridler confirmed that these had been resolved by discussion and that advice was taken from the SHA.</p> <p><i>Statutory Statements</i></p> <p>It was agreed that, in terms of timing, this should read as <i>Statement of the Acting Chief Executive</i>.</p> <p><i>Annual Report</i></p> <p>It was agreed that this should be amended to include Tony McNiff and also that the Director of Operations position should be reflected as not permanent.</p> <p>With these amendments, the committee agreed to approve:</p> <ul style="list-style-type: none"> The Annual Report & Accounts as presented, subject to any adjustments arising from the Audit Committee review (<i>Appendix 1 and 2</i>). 	<p>JR</p> <p>ER</p>

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<ul style="list-style-type: none"> The Letter of Representation as attached in respect of the Statutory Accounts (<i>Appendix 3</i>) 	
<p>10. Finance Registers</p> <p>The committee reviewed the Finance Registers of the Trust.</p> <p>The non compliance with Standing Financial Instructions relating to invoiced expenditure being incurred without an order number which is showing an average of 28% was discussed. John Ridler noted that work is on-going with the Procurement Team to address this. It was noted that there may be orders included in this which do not require PO numbers , such as for Utilities. Tony Gallagher asked for a clearer categorisation to better understand this. A short paper will come to the next meeting to close this off.</p>	<p>JR/HC</p>
<p>11. Guidance on the Declaration of Gifts and Hospitality</p> <p>The committee received this report with proposed amendments to this Guidance.</p> <p>These amendments are based on internal audit recommendations in the Bribery Risk Assessment and are outlined in <i>Appendix A</i>.</p> <p>The Audit Committee approved the proposed changes.</p>	
<p>12. Agenda Plan</p> <p>The committee received this for information.</p>	
<p>13. AOB</p> <p>There was none.</p>	
<p>Date of next meeting</p> <p>12th July 2012</p>	