

## Audit and Risk Committee

Thursday 15<sup>th</sup> November 2012 at 4.00pm, Conference Room, Jenner House

### Minutes

- Present:** **Anthony McNiff**, Non-Executive Director, Chair  
**Tony Gallagher**, Non-Executive Director, Chair of AWP  
**Peter Greensmith**, Non-Executive Director
- In attendance:** **Iain Tulley**, Chief Executive  
**Paul Miller**, Director of Finance and Deputy Chief Executive  
**Sue Hall**, Interim Director of Finance  
**Arden Tomison**, Executive Medical Director and Director of Strategy  
**Andy Sylvester**, Executive Director of Operations  
**Julie Thomas**, Executive Director for People  
**Jane Britton**, FT Programme Director  
**Pippa Ross-Smith**, Deputy Director of Finance  
**Kevin Henderson**, Grant Thornton  
**Simon Garlick**, Grant Thornton  
**David Taylor**, RSM Tenon  
**John Ridler**, Head of Financial Control  
**Linda Hutchings**, Head of Risk and Compliance  
**Bina Mistry**, Chief Pharmacist  
**Howard Lawes**, Deputy Director of Policy and Business Planning  
**Ann Tweedale**, Corporate Planning and Delivery Manager  
**Kay Wilson**, Minute taker

Item	Action By
<p>1. <b>Apologies</b> Apologies were received from Emma Roberts, Hazel Watson, Ryan Richards, Dave Downing.</p>	
<p>2. <b>Minutes of the Previous Meeting – 25<sup>th</sup> September 2012</b> The minutes of the previous meeting held on 25<sup>th</sup> September 2012 were agreed as a true record of the meeting with one amendment:</p> <p><u>Page 5 – Item 4 – Review of Risk Register</u> The wording of the first sentence be re-worded to read:</p> <p><i>“Linda Hutchings acknowledged that the Audit Committee had performed a detailed scrutiny of the risk register .....</i>”</p>	<b>KW</b>
<p>3. <b>Matters Arising Action Plan</b> <u>Interim Audit Report 2011/12 – Payroll</u> JT informed the meeting that a review of on-call rotas was underway and the report was due shortly. If any overpayments were identified, consideration will be given to reclaiming them on a case by case basis. The report should be ready by December and will be distributed to members of the Committee for consideration.</p>	<b>JT/JR</b>

JT also advised that a project was underway to simplify forms in readiness for auto-enrolment for pensions, which should help prevent overpayments in future.

External Audit Report on Compliance with Quality Account Regulations and Review of Performance Indicators

AT advised the meeting this now sits with NCAS. Ann Tweedale is liaising with NCAS and SDAS colleagues.

**4. Corporate Risk Register**

LH advised the meeting that this was the first version of the November risk registers, which are currently with Executive Directors for updating.

TG expressed concern at the level of some of the residual risk scores and whether residual risk was being used in the right context and how well the score was determined.

TM also queried whether the scores fully reflected priorities within the organisation. He highlighted that there appeared to be a lot of duplication, for example one risk was similar and repeated 4 times, each with a different risk level.

The register will be presented to the Executive meeting next week where an explanation should be forthcoming of how the level of risk is reached.

Operations Risk Register

AS informed the committee that he had been working closely with Ryan Richards on the Operations Risk Register to ensure the level of assurance required by the Audit Committee is provided. LH has also been working with the teams to ensure there is a consistent approach. The updated register will be circulated to the Audit Committee before the next meeting in February 2013, before Christmas.

**AS**

TM commented that there is a need for real evidence on the register that we are identifying risk appropriately.

Medicines Management Risk Register

AT advised that the Medicines Management risk register is owned by the Chief Pharmacist, managed by the Medicines Management Group and is part of the Medical Directorate risk register. BM explained that themes had been identified under the "Threat" column and underlying causes were clear. The scoring indicators are the view from the Pharmacy team.

Discussion followed and a query was raised as to why the nurse dispensing risk had not been escalated if it was perceived to be a score of 16. BM explained that the training pack produced raised more questions around risk and this is due to be discussed at TWMG. The risk has now been escalated and a paper will be written for TWMG.

TM queried whether the escalation process was working, as this had originally been raised in December 2011. BM replied that there had been an internal audit to gauge the level of risk as well as discussion in key professional forums to gauge the level of risk. As a result of this, the risk has been escalated to the Medical Directorate risk register.

TM then queried how the decision to escalate had been reached, as owners of the register should be giving consideration to escalation or de-escalation.

#### Finance and Commerce Directorate Risk Register

SH informed the meeting that each area of the directorate has its own register and that this was the latest version from October, as the November register was in the process of being updated. LH has also spent time with each team reviewing risks. SH stressed that the directorate register has some Trust-wide risks and is a mixture of Corporate and Finance risks.

The length of the Procurement register was commented upon and the meeting was advised that LH was meeting with Amanda Willis to assist with re-writing to avoid duplicating risks.

#### **5. Emerging Risks not Captured Elsewhere**

JT advised the meeting that a paper regarding the age discrimination case will be presented to the Board in November as supplementary to the risk register.

#### **6. Internal Audit Protocol**

DT presented this item for information, which had been agreed with SH in August. SH requested that all names be removed and replaced with job titles. DT will amend the document to reflect this.

DT

#### **Internal Audit Charter**

This item was presented to the Audit Committee for information by DT, who explained that this was a standard document and a professional response to clients.

#### **7. Internal Audit Progress Report**

DT advised this was a standard report supplied for each meeting. An added element was the appendix of internal audits yet to be started or scoped for 2012/13. These will be built into the annual report. The remaining Internal Audit work consists of some advisory work being undertaken, and the plan beyond the current year will be expected to change as areas are developed.

JT advised that the On-call Payments audit has been finalised, and comments have gone back to Ryan Richards.

PG queried the Acute Care Pathway rerun and whether this covered Acute and Inpatients, or just Community. He was advised that it covers just Community and will involve feedback from service users.

#### **Benchmarking Report**

DT advised that this report stems from the annual report of all trusts that they audit for 2011/12. Reviews had been split into red, amber/red, amber/green and green. Acute Trusts appear in both categories but some areas do not compare favourably with other trusts.

PM explained that we had now moved into compliance work and are using internal audits in more non financial areas. We will be continuing with this approach to ensure that every area is green. TG endorsed this, but stressed that other organisations had done the same.

TM stressed the need to ensure we are green on all aspects, whether compliance or regulatory.

Concern was expressed about the speed to address the reds. TG agreed this was an issue but that we must not lose sight of the disruption change causes. The Trust being in a stable position would help this.

## 8. **Internal Audit Reports and Associated Opinions**

DT advised the meeting that the green reports would be taken as received with no comments. Other reports were discussed as follows:

### Improvement and Modernisation Programme Review

This is a follow-up report that was commissioned through Chantrey Vellacott in preparation for the Trust becoming a Foundation Trust. It shows that although 86% of the recommendations had been implemented, 14% still need to be addressed. The Finance and Planning Committee had been charged with ensuring these actions were addressed.

### Board Assurance Framework Report

DT informed the meeting that there had been some movement since this review was undertaken, particularly in regard to recommendations and observations made at that time. There needs to be greater clarity around key risks and review commonality of the 30 risks showing on the register, as there could be the opportunity to amalgamate some risks. In reality, there are only 10 principle risks.

TM queried whether we could obtain a copy of a register used elsewhere to use for best practice. DT informed him that there are sites recommended by Monitor and he will contact them for details.

**DT**

### Service User and Carer Involvement Report

This review was sought to deal with concerns over the lack of service users and carers involvement.

PG explained that a presentation was made to the Board on 28th March 2012, as there appeared to be no joined-up process in the community for issues and feeding them through to the Board, as highlighted by the last sentence on page 11 of the report. There was no evidence of any meetings with community groups, which showed a major gap in the process. It was recommended that the Service User and Carer Involvement Steering Group discuss at their next meeting and come back with recommendations to resolve the concerns raised.

PM commented that there would be a follow-up audit to check that implementation of the recommendations has occurred, but was concerned that we might have to wait some time for the report. JB confirmed that the re-audit of Fit for the Future would be coming back to the committee shortly.

**JB**

HL confirmed that the audit report will go to the Service User/Carer Group. The Steering Group has its own work programme and action plan, and this adds to work already being done.

TM advised that we will use the Fit for the Future plan to monitor the process, although he had concerns that the structures were not working as they should according to the diagram on page 18.

DT undertook to re-distribute the missing reports and comments would be sent by email outside of the meeting.

**DT**

**9. External Audit Update**

Audit Fee Letter

SG presented this item and informed the meeting that Grant Thornton had taken over as external auditors from 1<sup>st</sup> November 2012. The Audit Fee letter shows the fees as set by Grant Thornton and includes an outline of plans for work to be undertaken.

TG commented that the fees were appropriate and confirmed that the detailed working methodology was to be agreed by the Trust and the Auditors.

TM requested clarification that the fee builds in an element of review, which was confirmed by KH.

PM advised the Committee that he and SH had already had an introductory meeting with Grant Thornton last week.

Quality Accounts Update

AT confirmed that Ann Tweedale was now reporting through NCAS for quality accounts and that early planning would be useful.

**10. Local Counter Fraud Progress Report**

In the absence of DD, this report was presented for information and shows the progress made against Counter Fraud for 2012/13. Bulletins are going out internally via Ourspace.

**11. CQC Essential Standards on Quality and Safety**

HL informed the Committee that this is an annual report which sets out responsibilities within the organisation, together with learning and compliance processes. The report was presented for information.

Discussion ensued and TM commented that the appendix highlights the problems with the Lansdowne Unit. He also queried the amount of grey areas shown on the appendix. HL informed him that these were areas that had not been inspected at the time of the visit.

HL explained that the report is on a Trust-wide basis and the plan is to move to report actual reviews undertaken. He queried whether this Committee should receive those reports.

During general discussion, a query was raised regarding how we knew what the CQC would be inspecting. HL informed the Committee that there had been 4 inspections before the CQC visit, with a final review done days before the visit. It was commented that we have to ensure there is sufficient confidence in each of the areas to ensure there were no surprises upon a CQC visit.

PM queried whether closed off issues had been raised by the CQC and that we should be using the CQC's methodology to look at indicators of quality and what they should look like. We should also ensure that these indicators are in place across the whole of the Trust.

TG recommended that the Quality and Safety Committee ensure standards are maintained and monitored. He commented that the report does not bring sufficient assurance and should be reviewed annually.

**12. Finance Registers**

JR reported that there were no new material debtors to report and also reported 8 new losses since the September Audit Committee meeting. There had also been 2 new decisions to waiver competitive tendering, one of £25k for redecoration of Juniper Ward and one of £46k for the South Plaza building.

The report was noted by the Committee.

**13. Register of Interest**

The Directors' Register of Interests was presented for information. It was highlighted that AS is not shown as a member of the Board, and there were amendments not shown following the review by Execs that need to be included.

**ER**

**14. Business of other committees and review inter-relationships**

None available.

**15. Fit for the Future Plan**

JB informed the Board that the plan had been approved by the Board on 31<sup>st</sup> October 2012. Two papers are presented for this Committee, the Short Term Plan and the Medium Term Plan. We are on track to close actions.

Item 38 on the Medium Term Plan looks at the internal audit on delivery of the plans. This will be looked at by the Audit Committee in the first instance.

SH and TM will look at the Directorate Risk Register going forward.

PG commented that one of the three top objectives was the need to build an internal audit report on service user and carer issues into the Fit for the Future Plan and for the Quality and Safety Committee to close this off in the Plan.

PM highlighted that this appears in the Short Term Plan at Item 4.1 and the Medium Term Plan at Item 28.

PM explained that the original plan was produced in June/July and that it was a living document.

JB will ensure that the points are included in the Plan.

**JB**

**16. Agenda Plan Review**

Presented for information. Some amendments to be made under the "Responsibility" column.

**KW**

**Date of Next Meeting**

7<sup>th</sup> February 2013, 3.00pm to 5.00pm, Seminar Room 3, Jenner House.

**ALL**