

Audit and Risk Committee

Thursday 7th February 2013 at 3.00pm, Seminar Room 3, 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: **Paul Miller**, Director of Finance and Deputy Chief Executive
Sue Hall, Interim Director of Business Development
Hayley Richards, Executive Medical Director and Director of Strategy
Jane Britton, FT Programme Director
Kevin Henderson, Grant Thornton
Simon Garlick, Grant Thornton
Ryan Richards, RSM Tenon
John Ridler, Head of Financial Control
Emma Adams, Project Manager, Operations
Dave Downing, Counter Fraud Specialist
Howard Lawes, Deputy Director of Policy and Business Planning
Ann Tweedale, Corporate Planning and Delivery Manager
Kay Wilson, Minute taker
Barry Eadle, Counter Fraud Specialist (*shadowing*)

Item	Action By
<p>1. Apologies TMCN welcomed everyone to the meeting and introductions were made around the table for the benefit of those attending for the first time.</p> <p>Apologies were received from Iain Tulley, Emma Roberts, Hazel Watson, Pippa Ross-Smith, Julie Thomas and David Taylor.</p>	
<p>2. Minutes of the Previous Meeting – 15th November 2012 The minutes of the previous meeting held on 15th November 2012 were agreed as a true record of the meeting.</p>	
<p>3. Matters Arising Action Plan <u>Service User and Carer Involvement Board</u> PG reported that the process of feeding back issues were discussed at the recent Board meeting and a more detailed discussion will be had at the next meeting. The whole process has to be re-thought as there is no strategy so no direction, and the process is not joined up. Iain Tulley has put forward thoughts on how to address this situation.</p> <p>PG's comments were endorsed by TG who also informed the meeting that the Quality and Safety Committee would advise when the process was in place, then undertake a re-audit through internal audit.</p>	PG

PG also informed the meeting that the Steering Group members did not see

any reports beforehand. TG agreed that they should be sent minutes and papers of meetings.

4. **Operations Risk Register**

EA attended as Operations Directorate representative. She informed the meeting that the Board had picked up on tab STR15 which should have a residual risk of 10 not 12. Performance is picking up and the register is being updated on a weekly basis.

The overall register at the top level is improving, with other levels being regularly updated on a monthly basis. Adult Inpatient is the weakest and still has a variance in scoring and measuring, so there is more work to do. SBU managers have received training to improve their registers. Changing to localities will change registers and how they are managed and described. This should address behaviours. Escalations from localities are important. There is an opportunity for training on standardisation, with guidance on how to complete the registers.

Discussion on the scoring process ensued. The meeting was informed that TWMG review corporate risks. We need to ensure that there is a consistent approach as risks are not being taken forward in a structured way.

TG suggested that when risks are removed from the Corporate Risk Register, these risks be allocated to committees to endorse removals.

ER

TMcN commented that he was pleased to see how the PESTLE analysis links with the register and was being integrated at Corporate level.

5. **External Audit Progress Report**

KH presented the report and informed the meeting that with regard to the accounts audit, the process is currently underway and a meeting has been arranged for next week.

Value for Money audit is in accordance with the timetable. A meeting with Ann Tweedale was held last week and we are awaiting the Audit Commission's response to the letter from the DoH.

The timetable for Quality Accounts needs to be clear. The Board will review the draft accounts which are to be signed off by 10th June 2013. It was stressed that Ann Tweedale needs to be aware of this process.

The meeting was reassured that internal and external auditors are working together.

6. **Internal Audit Progress Report**

RR presented the report which summarises progress to date. Most opinions are at green, with one red (On-Call Payments). The deadline for auto-enrolment into the pension scheme is October 2013, and there will be a new finance system in place from April 2013.

7. **Internal Audit Report and Associated Opinions**

Bank System Review – Part 1

RR informed the meeting that this is a narrative report looking at a revised bank system. The recommendations on the action plan have all been agreed. As JT is now leaving, PM has agreed to take on her actions.

With regard to Part 2 of the review, the meeting discussed concerns from Operational colleagues re bank use and the Board's concerns regarding agency use. It was agreed that there needs to be a further audit into agency use and that therefore Part 2 of the review will be shelved until next year (2013/14).

Payments to Staff

RR presented the report which is at amber/green, and the action plan was agreed for implementation.

A query was raised about how delegated authority would be policed in future following the proposed changes to the organisation. The meeting was informed that all authorisations would be done on line and should become more stable in time.

On-Call Payments

This report is at red, which reflects the poor process for determining the length of on-call payments and lack of controls.

TG queried what the triggers were as 41% of on-call payments were inaccurate. He also suggested that the sample size should have been higher and whether internal audit were empowered to move to a bigger sample. PG queried how many people received on-call payments and the sample size needs to reflect what has happened. Approximately 100 people would result in a 25-30% sample. RR informed him that 20 is a starting point for a sample.

Discussion ensued around why this has taken so long to be resolved as it was reported to management in July 2012 and at the last Audit Committee. SH assured the Chair that actions had been started but that they hadn't been formally reported to Audit. There was a full review of on-call payments in August 2012 and we recovered monies where we could. Other payments were stopped.

It was agreed that where a report is issued at red, we ensure that controls are in hand and the Chair of the Audit Committee be notified. This should then be followed by a re-audit within the audit programme.

RR

8. Internal Audit Protocol

This paper was brought back to the Committee for information only as names had been removed and replaced with job titles.

9. Draft Internal Audit Plan 2013/14

This item was presented by RR who explained that the plan shows the summary position for discussion, with a view to bringing something back to the April meeting.

PG highlighted that there was no mention of the Service Users and Carers Involvement issues. RR agreed to update the plan to reflect this.

RR

Other items on the plan were discussed as follows:

- Clinical Governance and Compliance needs to move to Q2 and Q4, not Q1 and Q3.
- The Board Assurance Framework is to be externally validated by Chantry Vellacott.
- A pilot audit has been undertaken on the Acute Care Pathway to ensure that everyone knows what they are doing. This will eventually roll out in a broader sense over the 6 localities and will become part of the work plan. It will also be built into the regularity reviews.

10. Local Counter Fraud Progress Report

DD informed the meeting that he is due to retire at the end of March, and introduced Barry Eadle, who will be taking over from him.

The report relates to the period 7th November 2012 – 25th January 2013 and includes the proposed counter fraud work plan for 2013-14 and a Local Pro-active Exercise on the prevention of illegal working.

During discussion, PM asked whether the balance was right between being pro-active and re-active. DD confirmed it was and that everyone had been very supportive of the work undertaken.

TMcN queried whether the CPS were taking prosecutions forward and was informed that it can be a very frustrating process. The most recent case involved a low-level fraud that would have been very valuable to the Trust to take to prosecution.

The work plan was noted and approved by the Committee.

TG thanked DD for all his hard work during his time with the Trust, and wished him well for the future on behalf of the Committee.

11. Review of Annual Accounts Plans

JR attended to submit the report and explained that the cycle had commenced. The key areas of risks were highlighted as those around transitional arrangements for the NHS landscape and the revaluation of fixed assets during the year. Account policies would be available for the next meeting.

The April meeting of the Audit Committee will also discuss going concern (liquidity) over the next 12 months.

12. Self Assessment of Committee's effectiveness and competencies

This item will be picked up at Trust Board meetings going forward.

13. Briefing/update sessions

PM informed the meeting that there were no updates to report.

14. Business of other committees and review inter-relationships

None available.

It was suggested that the 7 KPIs be divided between committees and be a standing agenda item.

15. Fit for the Future Plan

JB presented the plan and informed the meeting that there were only 2 actions left:

Action 23 – Annual Review of Risks

To deliver on plan, 3 risk registers were outstanding – those of the Finance and Commerce and People directorates, and the Chief Executive’s office. These will be reviewed at meetings in February and April 2013.

Action 40 – Undertake Board Governance Assurance Framework (2)

JB informed the meeting that assurance requirements have been built into the work programme. JB and TMcN will liaise outside of the meeting with a view to bringing the plan to the next meeting.

JB/TMcN

16. Agenda Plan Review

The rolling agenda plan needs to be reviewed and will be re-issued in due course. It should also include a review of past performances.

PM/KW

17. Corporate Risk Register

The Corporate Risk Register will be discussed at the next meeting.

PESTLE and SWOT Analysis

The PESTLE analysis was presented for information. TMcN commented that it was a very good report and was informed that it will be developed as a living document.

The SWOT analysis needs some reformatting. SH agreed to undertake this.

SH

18. Any Other Business

None reported.

Date of Next Meeting

23rd April 2013, 3.00pm to 5.00pm, Seminar Room 3, Jenner House.

ALL