

**Minutes of a Meeting of the Audit and Risk Committee**

Held on 3<sup>rd</sup> June 2013 at 3.00pm in Seminar Room 4

These Minutes are presented for Information

**Members Present**

<p>Tony McNiff (TMcN) – Non-Executive Director (<i>Chair</i>)</p> <p>Peter Greensmith (PG) – Non Executive Director</p> <p>Paul Miller (PM) – Director of Finance</p> <p>Hayley Richards (HR) – Executive Medical Director</p> <p>Sue Hall (SH) – Interim Director of Business Development</p> <p>Kristin Dominy (KD) – Director of Operations</p> <p>Emma Roberts (ER) – Company Secretary</p> <p>Pippa Ross-Smith (PRS) – Deputy Director of Finance</p>	<p>John Ridler (JR) – Head of Financial Control</p> <p>Debbie Spaul (DS) – Head of Professions, South Glos</p> <p>Simon Garlick (SG) – Grant Thornton</p> <p>Kevin Henderson (KH) – Grant Thornton</p> <p>David Taylor (DT) – RSM Tenon</p> <p>Ryan Richards (RR) – RSM Tenon</p> <p>Barry Eadle (BE) – Local Counter Fraud Specialist</p> <p>Ann Tweedale (AT) – Head of Quality and Information Systems</p> <p>Malcolm Sinclair (MS) – Managing Director, Bristol Locality (<i>for Item 4b</i>)</p>
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<b>Item</b>	<b>Action</b>
<p><b>1. Apologies</b></p> <p>1.1. Tony Gallagher (TG) – Non Executive Director, Hazel Watson (HW) – Director of Nursing.</p>	
<p><b>2. Minutes of the meeting on 23<sup>rd</sup> April</b></p> <p>2.1 Item 4c, paragraph two should read 2012/13 not 2011/12.</p> <p>2.2 Paul Daniels should be the person responsible for ensuring recommendations within the Health and Safety Internal Audit Report are complied with, and he will inform Ryan Richards.</p> <p>2.3 The Medicines Management report will be re-circulated.</p> <p>2.4 Medicines Management report – paragraph 10 – remove the wording “as the issues are irrefutable”.</p> <p>2.5 With these amendments the minutes were agreed as an accurate record.</p>	

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	Action
<p><b>3. Matters Arising</b></p> <p>3.1. 23-04-13 – 4a – <i>Trustwide Risk Register</i> – Emma Roberts will circulate the Risk Register for comments on how it is presented, prior to the June Board meeting.</p> <p>3.2. 23-04-13 – 4a – <i>Chief Executive’s Office Risk Register</i> – To be circulated by Linda Hutchings. Emma Roberts will follow this up.</p> <p>3.3. 23-04-13 – 5b – Payments to Staff follow-up - focus on Expenses – Ryan Richards to bring a report to the August meeting.</p> <p>3.4. All other matters arising were either completed or on the agenda.</p>	<p>ER</p> <p>ER</p> <p>RR</p>
<p><b>4. Risk Registers</b></p> <p><u>Trustwide Risk Register</u></p> <p>4.1. Emma Roberts informed the meeting that this will be the last time this version of the Trustwide Risk Register will be seen at these meetings. The new version will have a review and refresh of risks and scoring and we are moving to an electronic way of reporting. The register is due to go to the Board meeting in June.</p> <p><u>Bristol Locality Risk Register</u></p> <p>4.2. Malcolm Sinclair informed the meeting that the Bristol Locality Risk Register had been updated last week and gave a brief overview. The register represents the higher level of risks and the Bristol tender forms a large part of it. Kristin Dominy commented that it was very clinically focussed and the process should be replicated across the other Localities.</p> <p>4.3. Discussion followed, and the Chair commented that he was very pleased with the way the register was presented. He was concerned that although it only showed 8 risks at the moment, there might be more to add in future and the numbers need to be kept manageable.</p> <p>4.4. Peter Greensmith queried the number of Service User Groups in Bristol as there appeared to be only one, and there needed to be an increase in the number of voices in Bristol. It was confirmed that the group met at Callington Road but was in the process of moving to South Plaza. GPs and the CCGs were bringing in service users to evaluate the Bristol tender.</p>	
<p><b>5. Internal Audit</b></p> <p><u>Annual Report</u></p> <p>5.1 David Taylor presented the Annual Report to the Committee, explaining it was a summary of work during 2012/13 and provides an opinion on adequacy. There was a sound system of internal control, although there are several amber/red opinions. Finance areas are well controlled, but there are still some areas of non-compliance. It was important to improve the recommendations, the organisation needs to get to a much higher level.</p>	

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5.2 The Internal Auditors are required to be reviewed every 5 years, this was last done in 2011. We need to target internal audit at areas of greater risk and close off high risks.

5.3 Peter Greensmith stated that he thought the internal audit was very beneficial but he was concerned that evidence from the audit appears to have been ignored from two reports, and that nothing has changed. The Audit Committee should be able to insist that actions are acted upon. Tony McNiff agreed with this, and said we were too slow in responding and too slow to close matters off. He will take this up with Tony Gallagher and Iain Tulley.

TMcN

### Medicines Management

5.4 Ryan Richards presented this report and explained it shows a better reflection of where the Trust position is. A Project Group has been set up to address the findings, led by Hayley Richards. Sue Hall commented that there are a couple of recommendations that have not been assigned to a particular person, and Hayley explained that this is because the Trust is still in the process of appointing staff to those roles.

5.5 Tony McNiff stated that it was highly irregular to present a report and then take it back, it should be agreed before it comes to the Committee. We need to address the issue of staffing and time pressures, as these reasons appear time and again.

5.6 Emma Roberts will be responsible for overseeing the process of closing off and going through the governance and diligence process, and this is all currently under review.

### Bribery Risk Assessment

5.7 The risk assessment was carried out by the Counter Fraud Specialist within RSM Tenon, and shows 9 medium and 2 low recommendations, with no high ones. Sue Hall queried whether the relationship with GPs and CCGs had been considered when undertaking the assessment and Ryan Richards said he would check. Barry Eadle said the biggest risk was in procurement, and various workshops were being run.

### Strategy for Internal Audit

5.8 This is a revised version of the plan seen before. A Cost Improvement Programme has been added and Fit for the Future has been removed. There will be 2 follow up reviews at mid year and end of the year.

## 6. External Audit

### Audit Committee Update

6.1 Simon Garlick presented the paper which is an updated report on progress to date, and completes the 2012/13 year.

### Audit Findings Report

6.2 The Audit Findings Report was presented to the Committee, the main

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<p>highlights being good quality accounts and papers and good processes in place.</p> <p>6.3 Paul Miller stated that with regard to the control issues with journal authorisation, a way forward has been agreed. Also, password controls are effective and up-to-date. The new finance system should make reporting easier.</p> <p>6.4 Tony McNiff commented on the failure to deliver current savings plans under the Value for Money section, and suggested this should be included on the Internal Audit programme.</p> <p><u>Financial Resilience Report</u></p> <p>6.5 Simon Garlick explained that this is a final report that was initially at red around the cost improvement process, although we have been successful in delivering over the past 4-5 years. Tony McNiff was reassured it was a reasonable process. Paul Miller stated it was a precursor for due diligence to take forward and a good report.</p>	
<p><b>7. Local Counter Fraud Progress Report/Annual Report</b></p> <p>7.1. Barry Eadle presented the report which had been drafted by his predecessor, Dave Downing. The report needs to be signed off by the Director of Finance.</p> <p>7.2. Tony McNiff queried whether bribery would be picked up on a risk register and was assured that this would be done by Finance in the first instance.</p> <p>7.3. It was also explained that a department checklist had been circulated to help put processes in place, and we need to be looking at policies to reflect processes.</p>	
<p><b>8. Local Counter Fraud Annual Report</b></p> <p>8.1. Tony McNiff stated that he was disappointed with the poor response to the staff survey on bribery/counter fraud, and a discussion followed on how to improve responses, culture, etc.</p> <p>8.2 Overall, it was thought to be a positive report and will be picked up through internal audit.</p>	
<p><b>9. Review of Audited Annual Accounts and Financial Statements</b></p> <p>9.1. John Ridler presented this paper and gave an overview. Minor amendments had been made to Appendix 3 and the Remuneration Report since the papers had been circulated. The accounts are due to be signed off tomorrow.</p> <p>9.2. The report shows that we have met other financial targets and fully revalued Trust assets. Comments have also been made by Executive Directors on the draft report.</p> <p>9.3. Sue Hall queried whether the Charity Accounts consolidation had been deferred to next year, and was informed that they are not being</p>	

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<p>consolidated this year.</p> <p>9.4. Kevin Henderson informed the meeting that with reference to the tables in the Remuneration Report, the page numbers cannot be changed if any amendments are made, as they are referred to in the Auditor's Opinion Statement within the Trust's annual report.</p> <p>9.5. Tony McNiff commented that the report was very good and praised the Financial Control team for all their good work in putting it together.</p>	
<p><b>10. Update on Quality Accounts</b></p> <p>10.1. This report was presented by Ann Tweedale. The Audit Committee are asked to assure the draft Quality Account on behalf of the Board.</p> <p>10.2. During discussion, the Committee was informed that the CCGs had not yet responded to the document, however initial verbal feedback was that the main report did not fully reflect performance by area. This will be addressed in the appendix that provides information by area.</p> <p>10.3. Tony McNiff queried how the Audit Committee would ensure that bullet point 3 on the front sheet of the report was being properly undertaken, and was informed that data capture and reporting for 2012/13 was being reviewed as part of the Grant Thornton audit work. The report to Board for the approval of the final Quality Account will ensure that there are more comprehensive assurances from the Executive Directors on how point 3 is addressed.</p> <p>10.4. It was also felt that some areas did not fully explain the downsides and any implications. Tony McNiff will raise the specific areas of concern with Ann Tweedale outside of the meeting.</p> <p>10.5. Kevin Henderson explained that the work was not completed, but should be by next week and their final report will be included within the main Quality Account which will going to the Board meeting on 29<sup>th</sup> June. It was agreed that he would report directly to Tony McNiff who will approve for inclusion on behalf of the Audit Committee. if he was happy with the outcome.</p> <p>10.6. Various amendments to the report were suggested and Ann Tweedale will implement these.</p> <p>10.7. Hayley Richards responded to a question from the Chair in relation to the patient safety data explanatory paragraph. It was agreed to amend the wording of the paragraph to the final version to confirm the Trust's commitment to providing services that are as safe as possible.</p>	
<p><b>11. Audit Committee Review of other Committees on behalf of the Trust Board</b></p> <p>11.1. It was agreed that this is being reviewed at Board level and Tony McNiff and Emma Roberts will liaise on the process outside of the meeting.</p>	
<p><b>12. Update on Internal Audit Recommendations</b></p> <p>12.1. Paul Miller informed the meeting that of the 82 outstanding recommendations not closed off, this had been reduced to 28, 13 of which</p>	

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<p>relate to regularity audits. Some target dates had been amended and revised dates were in the Audit Log. If there were any problems with the revised dates, please advise Paul Miller. The final updated list will be circulated outside of the meeting.</p> <p>12.2. Going forward, this process will be monitored by the Financial Control Team ahead of this responsibility being transferred to the Company Secretary.</p>	
<p><b>13. Any Other Business</b></p> <p>13.1. There was no other business to report.</p>	
<p><b>14. Date of Next Meeting</b></p> <p>15<sup>th</sup> August 2013, 3.00pm – 5.00pm, Conference Room, Jenner House.</p>	

<b>Key to Abbreviations Used</b>	
<b>Abbreviation</b>	<b>For</b>
Chief Exec	Chief Executive
DoF	Executive Director of Finance & Commerce, and Deputy Chief Executive
Exec Dir People	Executive Director for People
Exec Dir M&S	Executive Medical Director and Director of Strategy and Business
Exec Dir NCAS	Executive Director of Nursing, Compliance, Assurance & Standards
Exec Dir Ops	Executive Director of Operations
Dir FTP	Foundation Trust Programme Director
CoSec	Company Secretary
ACoSec	Assistant to the Company Secretary
EMT	Executive Management Team
SBU	Strategic Business Unit
NED	Non-executive Director

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