

Minutes of a meeting of the Audit and Risk Committee Meeting

Held at 2pm on 13th February 2014 at Jenner House, Langley Park, Chippenham. SN15 1GG

These minutes are presented for **approval**

Tony McNiff (TMcN) – Non-Executive Director (*Chair*)

Paul Miller (PM) – Deputy Chief Executive

Karen Williams (KW) – Baker Tilly Business Services Limited

Peaches Golding (PG) - Non-Executive Director

Emma Roberts (ER) – Company Director

David Taylor (DT) - Baker Tilly Business Services Limited

Hayley Richards (HR) – Executive Medical Director

Sue Hall (SH) – Director of Resources

Kristin Dominy (KD) – Director of Operations

Simon Garlick (SG) – Grant Thornton

Kevin Henderson (KH) – Grant Thornton

Tony Gallagher (TG) – Trust Chair & Non-Executive Director

Barry Eadle (BE) – Local Counter Fraud Specialist

Ann Tweedale (AT) – Head of Quality and Information Systems

Chris Williams – (CW) Resilience Manager

Alison Devereux-Pearce (ADP) – Governance Support Officer (minutes)

Hannah Dennis (HD) – Corporate Governance and Risk Manager

Eva Dietrich – (ED) Clinical Director (North Somerset) (in part)

Bill Bruce-Jones (BBJ) – Clinical Director (BANES) (in part)

AR/13/01 - Apologies

1. Apologies were received from Simon Garlick, Grant Thornton.

AR/13/02 - Minutes of Previous meeting

1. The Committee **approved** the minutes of meeting held on 25 October 2013.

AR/13/03 - Matters Arising

1. The Committee considered the Schedule of Matters Arising, resolving to note progress and remove those items marked as complete.

AR/13/04 – NHS England Annual Emergency Preparedness, Resilience and Response (EPRR) Audit

1. The Committee received a report regarding the annual emergency arrangements and guidance which was presented previously to the Board in November 2013.
2. As the NHS is becoming more fragmented and relatively new commissioners are unfamiliar with emergency papers/processes, the report reflects what arrangements the Trust has in place to comply with guidance, and assures the Committee that due process is being followed alongside improvement plan progress.
3. The Trust's processes were reviewed by NHS England very positively but self-

assessment graded core standards as amber, fluctuating towards green but are to remain as amber as the Trust's own requirement to excel at this area of business continuity which is very well developed in the South West area.

3. **7.42 – (Red); ‘Ongoing Education/ Training** - A general series of planned simulations and planned exercises is planned to test the process and to re-grade outcome to ‘green’ but still be mindful of disruption to service and business continuity. The Quarterly Trust Resilience Group is working with localities for a planning exercise to test their security and then disseminate learning.
4. **EPRR Improvement Plan: 7.16 (Red) ‘Critical activities escalated to Risk Registers’** is to be instigated as and when required through the relevant Trust's process and mechanisms.
5. Peaches Golding enquired if there was a major incident who would call for support by the Trust? Contact would be by NHS England and assist with evacuation once affected postcodes are given. It is estimated that the Trust would not overly stretched to provide this. Sue Hall commented that the Trust are required to provide assurance of emergency plans to CCG's along with implementing civil contingency exercises every 6 month.
6. The Committee **resolved** to **NOTE** the report and **agreed** the following **action**:-
 - **A six monthly assurance update will be produced for the Committee to review at the August Committee meeting.**

AR/13/05 – Counter Fraud Progress Report

1. The Committee received a report on progress against the Counter Fraud work plans relating to the period 8th August 2013 to 1st February 2014.
2. Historically, an attempt to engage with staff and raise awareness has gained no response, however the need to re-engage with managers to encourage staff was discussed by the Committee. The Trust Induction format has changed to a film shown to attendees during the lunch break but this was deemed to not be effective by the Trust Chair.
3. Suggestions such as capturing behavioural themes in supervision and embedding as a theme for appraisal were discussed in addition to reviewing statutory / mandatory training or discussing in forums/ committees and management meetings.
4. The Committee **resolved** to **NOTE** the report and **agreed** the following **actions**:
 - **The Executive Team is to investigate methods of engagement and provide assurance to the committee that this is being reviewed.**
 - **Internal and External Audit to look at other local Trusts and report back how this is implemented.**

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AR/13/06 - Internal Audit Progress Report

1. The Committee received an update on the delivery of the agreed internal audit plan for 2013/14 by Karen Williams of Baker tilly, the Trust's internal audit provider.
2. Internal Audit has also undertaken a follow up of two red assurance reports: Medicines Management and Patient Safety. Overall, adequate progress has been made following a number of site visits to re-test controls and 4 medium and 1 low level recommendation are still outstanding.
3. Five final reports have been issued since the last meeting of the committee:-
 - Regularity Review – Lime Unit (6.13/14)
 - Regularity Review – Sycamore View (9.13/14)
 - Regularity Review – Avon Ward (10.13/14)
 - Payments to Staff (4.13/14) REVISED
 - Follow Up (29.12/13)
4. The Committee **resolved** to **NOTE** the report.

AR/13/07 – Receipt of Internal Audit Reports and Associated Opinions

1. The Committee received a report from Karen Williams who updated the group as follows:-
2. The **2014-15 Internal Audit Plan** has been drafted with comparative data being reported upon alongside benchmarking with other trusts. The CQC Registration work will also inform next year's plan. In summary, the Trust can expect to be in a more positive position and the plan will triangulate with information received by the Trust Board.
3. The **Quality Account** audit is progressing well.
4. The **Quality Academy** audit has been removed until next year.
5. **Regularity Review recommendations** are being reviewed by Internal Audit who are following up on implementation of past actions.
6. When considering the **Payments to Staff** report the Chair expressed his lack of confidence over the outcome of this review, namely segregation of duties and potential fraud opportunities such as overpayments to leavers. He also expressed his lack of confidence in the recommendations. John Ridler, Financial Controller, is currently working through the controls at present. Sue Hall commented that the Trust had not implemented self-service functions within ESR on initial implementation, therefore updates to information, such as bank details, must be completed by the Payroll team, but assured the Chair that the new system introduced will enable staff to do this. The Chair also discussed issues over not following delegated authority and the associated fraud risk, and would like to see an improvement for the next meeting, requesting Internal Audit to follow this up as a business specific point to be reported upon at the next meeting and to also follow this through in the annual report.
7. The Committee received an update from the Director of Operations on **Regularity Review Internal Actions Plans** giving assurance that management are continuing to address issues identified for the Regularity Review reports issued for 2013/14.

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The Committee **resolved** to **NOTE** the report.

8. The **Involvement of Service Users and Carers** report reflected a positive shift in this area has also been recognised by changes identified at Board. The direction now is to use the voice of members, users and carers which identifies a difference in expectations but still upheld the need to embed what's already in place. The Internal Audit Plan will follow up on this progress, considering in addition the Carers Charter. Peaches Golding kindly offered her support for further investigation in this area if required.

9. Finally, the **Audit plan for 13-14** was discussed. Pages 4 and 5 identify challenges and areas of work already undertaken by External Audit. Page 7 summarises significant risks identified which were the same as last year but not changed or escalated. 2014-15 will take on a similar scope of work.

10. In Summary:

- The Interim Audit Work Control Environment demonstrates no risks of concern to date and Audit have identified no overall risks to date (materially to accounts £3m).
- Walk through testing has indicated that signatories are not up to date (opportunity for fraud).
- Audit are waiting for the management response for reporting of payments to staff and as a recommendation, journal entries are to be done electronically via Agresso and workflow. This is within the system now but wasn't in place when audited previously. Sue Hall commented that signing off the journal wasn't necessary and would discuss this outside of the meeting with Kevin Henderson.
- The Trust needs to ascertain when signatures are valid.

11. The Committee **resolved** to **NOTE** the report with the **agreed actions:-**

- **Internal Audit to follow up the 'Payments to Staff Review' as a business specific point to be reported upon at the next meeting in April and to also follow the above through in the Internal Audit Annual Report.**

AR/13/08 – External Audit Update

1. The Committee received the External Audit Report update for February 2014 from Kevin Henderson of Grant Thornton, the Trust's External Auditor, including progress, auditing standards and the Audit Plan 2013-4. Items discussed within the report were as follows:-
2. The Value for Money Conclusion Plan remains the same as last year with no requirement on reporting, just the implementation of the agreed work.
3. The Chair discussed attendance at the Accounts Workshop for Trusts which Grant Thornton is running at a cost to attendees. Sue Hall advised that a similar course is also run by the NTDA with no charge.

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4. The Chair identified that Secure Services would require a **staffing review**. This is being implemented by Carol Bowes.
5. The **Better Care Fund** and access to funding was discussed by the Committee. Locality submissions have now got templates for their applications which Sue Hall is leading on. The entries needs to be finalised by March 2014. BANES are hoping to open two 'Pre Crisis Beds' funded by Sirona.
6. **Auditing standards report** – The Chair, on behalf of the committee, accepted the responses provided. Tony Gallagher commented that question 9 on the Fraud Risk Assessment's response needs to be decisive.
7. The Committee **resolved** to **NOTE** the report.

AR/13/09 – Risk Appetite Statement

1. The committee received a report reviewing the Trust Risk Appetite Statement which summarising the discussions held at a session facilitated by Baker Tilly, the Trust's Internal Audit provider.
2. The committee **resolved** to **APPROVE** the **RISK APPETITE STATEMENT** and **recommended** presentation to the **Board** for **approval** which will form part of the **Risk Strategy Report**.
3. **The Risk Strategy Report** was reviewed by the committee who **resolved** to **APPROVE** the updated strategy which will include the above Risk Appetite Statement approved above and **recommended** presentation to the **Board**.

AR/13/10 – Risk – Next Steps

1. The Committee received a report which provided an update on the Trust's Risk Management Framework and subsequent refinements in the risk process. This has been ratified using comment from localities and identifies the next stages for risk to be developed over the next twelve months.
2. The Committee **resolved** to **NOTE** the report.

AR/13/11 – Trustwide Risk Register

1. The Committee received a report from the Company Secretary regarding the Trustwide Risk Register and how escalations, review and challenge are evidenced. Hannah Dennis, Corporate Governance, Risk and Legal Manager, will check the scoring, controls and capture and rework this with Sue Hall so it can be updated for presentation to the Board.
2. The Committee **resolved** to **NOTE** the report and recommend the **updated report** to be **presented** to **Board**.

AR/13/12 – Development of Board Assurance Framework

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1. The Committee received a report updating them on the further amendments to the structure of the Board Assurance Framework by the Director of Corporate Affairs/ Company Secretary who updated the group on the difficulty of assurance mapping and lack of benchmarking with other Trusts. The Chair reiterated the importance of continuing this work and agreed with the objectives and timescale.
2. The Committee **resolved** to **NOTE** the report.

AR/13/13 – Reviewing the Internal Governance Structure

1. The Committee received a report regarding the Internal Governance Structure which reiterated reporting lines and structure as part of the Trust’s Quality Assurance Framework.
2. The Chair commented that the process worked well and confirmed alignment with the framework. Progress against internal audit is following the same process and has confirmed which audits can be closed, confirming actions are implemented and additional testing actioned if required. Good progress has been made by 22 recommendations being closed since October 2013. The Chair commented further on the excellence of picking up on actions and following through with them which also highlighted some of the timescales of actions put in place and their resolution with the Committee.
3. Concerns were discussed over the need for version control when reports and recommendations have been ‘chased or bumped’. The Director of Corporate Affairs acknowledged that legacy issues identified like this for the committee were unfortunate, but the Chair affirmed that standardised governance for subsequent recommendations was heartening to note.
4. The Committee **resolved** to **NOTE** the report.

AR/13/14 – Locality Risk Registers

1. The Committee reviewed and discussed the Locality Risk Register for **BANES** presented by Bill Bruce-Jones, Clinical Director.
2. **BANES1:** The risk relating to Primary Care & LIFT is to be removed from the risk register as these services are now amalgamated and the risk has been managed.
3. **BANES2:** This risk relates to safeguarding and relates to continuing difficulties to meet requirements even though relationships with safeguarding leads have been established. BANES is achieving requirements for statutory/ mandatory training but an issue of keeping up with requirements of the Local Authority (LA) and the Clinical Commissioning Group (CCG) has emerged in addition to capacity and expertise as they require attendance at very lengthy meetings. The Director of Operations commented that the system isn’t providing the assurance to LDUs about support and expertise, rather over challenges in addition to volume. The Trust can’t opt out of this arrangement as Localities are expected to attend everything but recognised the need to identify where accountabilities are. This has been raised with the Acting Director of Nursing and the Medical Director who are looking to transfer resources into Operations. At present, the Safeguarding Lead can offer two days

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per week per Locality but a full time equivalent is required to deliver all aspects.

The Trust Chair commented that the risk merited a higher score as a 'reputational risk' to the Trust which would also need to be put onto the Corporate Risk Register for escalation. Assurance over mitigating and corporate actions taking place was given by the Director of Operations. The Chair acknowledged that once on the Trust-wide risk register, reputational implications could be addressed through a good escalation protocol, training, having a named doctor for safeguarding. Safeguarding leads have a challenge resolving capacity each year will becomes more with expectations and as a Trust, we need to rise to that.

4. **BANES3:** This risk reports that Sycamore Ward is a concern to commissioners and was highlighted by CQC visit in November as a 'stand-alone unit'. Risks to quality of care have been identified but a greater significant risk will occur if the Trust can't resolve them. Bill Bruce-Jones assured the Committee that the LDU is working in partnership with commissioners to look at re-commissioning inpatient beds in a more appropriate setting and has identified funding from the Trust to do a scoping exercise through Capita.

The Chair reviewed with caution the Risk Register and after a discussion Bill Bruce-Jones assured him and the Committee that the Ward has resolved issues by installing an Interim Staff Manager and the Consultant has made significant changes on the ward regarding standards of privacy and dignity. The Committee noted that he is confident that in the event of a re-inspection in approximately 6 months, the CQC would identify significant changes and their concerns met which would allow the risk score to be decreased.

5. The Committee reviewed and discussed the Locality Risk Register for **North Somerset** presented by Eva Dietrich, Clinical Director.
6. **NS1:** This risk relates to a lack of dedicated Early Intervention Consultants in the locality. Assurance was given to the Committee by the Clinical Director that a robust system is now in place as the Team has a Nurse Prescriber and will be conducting a consultant review in 6-8 weeks, therefore this risk has reduced significantly.
7. **NS2:** Anaesthetists at Weston General Hospital refuse to deliver an Electro-Convulsive Therapy intervention if the patient has health problems, which presents a risk to North Somerset. This is not a regular occurrence but a clear pathway is required to manage any future requirements. Eva Dietrich and the Medical Director met the local hospital's senior managers to outline professional standards as their policy won't allow giving anaesthetics for people needing ECT with health risks. Training events have been organised as both the local Hospital and the Trust need an agreed pathway, rather than re-drafting an SLA. The LDU will escalate to their Commissioners to discuss when this next occurs. A mitigating proposition could be to utilise the theatre in Western General Hospital but using a Consultant Anaesthetist from Bristol. This risk will continue to be managed.
8. **NS3:** The final risk relates to the locality's capacity to deliver Psychological Therapy. Assurance was given to the Committee that recruitment is now complete and the service now has range of interventions to offer as part of quality care delivery.
9. The Committee **resolved** to **NOTE** the update from the Clinical Directors.

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AR/13/15 – Progress Against Internal Audit Recommendations

1. The Committee received an updated report summarising Internal Audit Recommendations from the Director of Corporate Affairs and Company Secretary and the intention to follow up upon outstanding audit reports from 2012/13.
2. The committee **resolved** to **NOTE** the report and the appendices.

AR/13/16 – Review of ESR Access

1. The review of ESR was already considered in part 7.6 of the minutes.

AR/13/17 – Finance Registers (including losses and payments)

1. The Committee received a report updating the current position on Finance Registers
2. Brought to the committee’s attention were 3 debtors over threshold:
 - one-off CCG legacy issue of £367K by Wiltshire County Council; the invoice is at Executive level escalation. Assurance was given that the Financial Controller will be meeting with heads of Estates to understand accommodation issues and the possibility of another invoice for this year and continuing accommodation charge discussions. The Chair and Director of Resources commented on the positive likelihood of get money back.
 - Patient costs for Torbay PCT at £12k – Escalated to DDOF for decision as PCT books are now closed.
 - Non contract activity of £12k with Oxford CCG – invoice has now been agreed for payment after substantial pressure.
3. The Losses and Compensations Report identified 23 cases; £6k for bad debts in total. An ex-gratia payment to an individual in the Swindon LDU for £1k is to be investigated by John Ridler to advise the Committee on if appropriate.
4. Agresso has workflow set up now for purchase orders but requisitions are to be set up shortly as only 48% are supported with purchase orders. The need to reconcile the two and interpret them as only using electronic orders and balance practicalities will avoid risk and control issues.
5. The Trust’s position and potential liability was discussed over damage to staff property (i.e. glasses or clothing) during restraint of patients. The Director of Operations to investigate liability and report back.
6. The Committee **resolved** to **NOTE** the report with the **agreed actions**:
 - **Ex gratia payment to individual in the Swindon LDU for £1k to be investigated by John Ridler and then advise the committee if appropriate.**
 - **Agresso Workflow and Requisitions need to be reviewed/ reconciled by John Ridler to avoid broad risk and control issue.**

- **Kristin Dominy to investigate liability over damages to Staff Property during patient restraint and the Trust's position (i.e. Glasses or Clothing).**

AR/13/18 – Cash Investment Report 2013/14

1. The Committee received an Investment Report which summarised guidance and the Trust's process of investing surplus cash. The Committee was updated on the outcome of low risk/time limited investments with interest earned.
2. The committee **resolved** to **NOTE** the report.

AR/13/19 – Register of Interest & Gifts/ Hospitality

1. No items were available – to be carried over to the next agenda.

AR/13/20 – Review of Annual Accounts Timetable & Plans

1. The Committee received a Review of Annual Accounts Timetable and an overview of the plan to be followed in order to produce and submit the 2013-14 Annual Accounts and Annual Report. Kevin Henderson, on behalf of the Trust's External Auditor Grant Thornton, confirmed acceptance of this.
2. The Committee **resolved** to **NOTE** the report.

AR/13/21 – Developing Quality Account 2013/14 – Process & Timeline

1. The Committee was presented with a report for Developing the Quality Account 2013/4 which updated them on the process and timeline.
2. Ann Tweedale, Head of Quality Information & Systems, assured the Committee that there will be no anticipated changes in the coming year as the content is expected to be a similar approach to that of 2013.
3. Internal audit work is being planned as requested to give assurance to the Board around data quality and control and triangulate in a timely manner. The Committee were informed to contact Ann Tweedale if further assurance is needed at signing off, as she needs to be aware of issues and reflect this in the quality account which can also be part of internal audit and compliance.
4. The Chair reminded the Committee of the need for probity and working to controls but also to deliver the service in the most appropriate way. The Committee discussed appropriate guidance and David Taylor of Baker Tilly, the Trust's Internal Auditor, advised that these would be selected as areas of known concern but regularity audits would need to be looked at to deliver assurance.
5. The Committee **resolved** to **NOTE** the report and **agreed** the **following**:
 - **That the arrangements for the external audit are not yet confirmed.**

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- **The Finalised report is to be reviewed by the committee once compiled.**
- **The Internal Auditors are asked to arrange and scope audit work to support the Directors responsibilities as per point 6.4 on the internal controls and quality of the data underpinning the report and that this is timetabled and scoped.**

AR/13/22 – Policy for Policies

1. The Committee received a policy for ‘Policy and Strategy’ for discussion and approval. The policy for the Development of and Management of Policies has been reviewed due to changes in ownership of corporate records and provides clarity to the current process for approval and circulation of approved policies and strategies.
2. The Committee **resolved** to **APPROVE** the policy.

AR/13/23 – Risk Management Policy

1. The Committee received an updated Risk Management Policy which has been redefined following Risk Policy Feedback from Localities and process users.
2. The Committee **resolved** to **APPROVE** the policy.

AR/13/24 – Audit Committee Review (Committee Evaluation)

1. The Committee received an Audit Committee Evaluation Review which was drawn up from feedback from a circulated evaluation form based in the evaluation included in the NHS Audit Committee handbook. This was completed by committee members, Internal Audit, External Audit and regular attendees of the Audit & Risk Committee.
2. Tony Gallagher & Emma Roberts to discuss executives and non-executive committee membership outside of the meeting.
3. The Committee **resolved** to **APPROVE** the recommendations made:

Committee Membership

- Executive Directors are required to be in attendance for all meetings of the Audit and Risk Committee, unless absence is unavoidable.
- Terms of Appointment will be defined for all Committee members in a letter to the member.

Operation of the Committee

- Agenda setting meetings with both the Non-executive members will take place to ensure clarity around agenda items and provide a private forum for members to discuss Committee business.
- Declaration of Interests item will be added to Committee agendas as standing item.

Logistics and Working Relationships

- An update of the Terms of Reference will clearly define how the Committee works

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with the Quality and Standards Committee, and a corresponding update to the Terms of Reference for the Quality and Standards Committee will reflect this.

- An annual report will be provided to the Board at its meeting in March 2014.

AR/13/25 – Any Other Business

1. No items were identified to escalate to other Committees and vice versa.
2. The following items are to be escalated to Board as part of the Chair's report for February:
 - The Committee received the reissued final Payments to Staff report from Internal Audit. This led to discussion regarding the lack of attention to detail highlighted in areas such as notifying payroll of leavers and concerns about controls around the access to payroll standing data such as bank account details. The Committee were assured by the Financial Controller that these issues are being addressed, and the Committee will continue to monitor progress in this area.
 - Regularity Review reports also presented by Internal Audit also instigated discussion on the issue of training, which the Committee has picked up in meetings earlier this year. It was felt that the Trust needs to maintain an emphasis on the need to ensure that all necessary training is not just made available but is also delivered. This is a supervision role which currently audit outcomes are indicating is not being adequately provided in the Trust.
 - Overall, our Internal Auditors reported a feel of improvement on the ground, but the Committee was concerned that there is some complacency in respect of the above matters which needs to be addressed if we are to live up to our aspirations as a Trust.

AR/13/26 – Date of next meeting

17th April 2014, 1500-1700, SR3 Jenner House: Pre meet for Chair & Auditors 1430

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