

THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST

AUDIT COMMITTEE MEETING

Thursday 19th April 2012

MINUTES

Present:	Dennis Jones (Chair)	Non-Executive Director
	Sue Assar	Non-Executive Director
	Simon Walford	Non-Executive Director
In attendance:	Neil Nisbet	Finance Director
	Julia Clarke	Director of Compliance & Risk Management
	Andrew Stenton	Interim Director of Operations (Items 2012.24-25 only)
	Chris Benham	Assistant Director of Finance (Financial Accounting)
	Clare Jowett	Chief Compliance Officer
	Janine Harrison	Centre Manager – Ophthalmology (Item 2012.24 only)
	Chris Needham	Associate Director – Estates & Facilities (Item 2012.28 only)
	Mr Tony Fox	Centre Chief – Surgical (Item 2012.27 only)
	Louise Gill	Governance Manager – Surgical Centre (Item 2012.27 only)
	Caroline Ross	Deloitte LLP
	Lorna Barry	Deloitte LLP
	Simon Stanyer	KPMG
	Shauna Mallinson	RSM Tenon
	Glen Palethorpe	RSM Tenon
	Gavin Ball	RSM Tenon
Apologies:	Dr Ashley Fraser	Medical Director
	Mr Chris Beacock	Acting Medical Director
	Mr Mike Gennard	RSM Tenon
Secretary:	Marie Devitt	PA to Director of Compliance & Risk Management

Dennis Jones welcomed Caroline Ross and Lorna Barry to the meeting, and it was noted that they would be representing Deloitte LLP, as the Trust's new Internal Auditors.

2012.21 Members to Declare Interests in any of the Following Items

There were no declarations of interest.

2012.22 Minutes and Action Points of previous meeting held 9 February 2012.

Simon Stanyer advised the Committee that the draft report referred to under item 2012.09 had been produced based on the follow-up review of the Cost Improvement Programme.

The minutes were approved as a correct record.

2012.23 Matters Arising2012.03 – Matters Arising

Chris Benham advised the Committee that he had requested a year-end review of the

Pharmacy stock programme and it was agreed that this item would be carried forward to year-end.

It had been previously agreed that Chris Benham would look in the Pharmacy Emergency Stock and Medical Equipment Library as a possible site to relocate the PRH safe. The Committee were advised that the Bereavement Office, next to the Cashier's Office, PRH, would be used to house the safe, and it was noted that a lifting firm would be coming to the Trust next week to give a quote to move the safe from its present location. An update would be received at the next meeting.

Action: Chris Benham to update Committee on relocation of PRH safe at the next meeting.

2012.05 – Ophthalmology Risk Register

It was noted that an update on the issues relating to Ophthalmology would feature later on the Agenda.

2012.06 – Board Assurance Framework

Andrew Stenton informed the Committee that there were continuous issues within Ophthalmology, and cataract surgery had been temporarily suspended, which was putting additional pressure on waiting lists. The aim was to restart surgery on 24th April 2012. The Committee were advised that this issue was being monitored by the Quality & Safety Committee.

Dennis Jones stressed that he was anxious at the repetitiveness of the Ophthalmology issues.

In answer to Simon Walford's query the Committee were advised that the Trust had almost completed a review of the issues, and it was noted that whilst some of the issues were not unique to SaTH, the Trust was ahead of some other Trusts in carrying out a review and discussing issues with the Royal College of Ophthalmologists. Dennis Jones suggested that, from this, the Audit Committee could take assurance that the issues were being addressed.

The Committee were advised that there were currently 162 patients awaiting cataract surgery. The Committee were informed that it was expected to be late Summer / early Autumn before the service would overcome the effect on waiting times..

With regard to the A&E 95% target, Andrew Stenton advised that the Trust had achieved 92% across both sites. Simon Walford queried whether a performance trajectory was in place, and Andrew Stenton informed the Committee that he was confident that the next quarterly target would be delivered.

2012.11 – Internal Audit Progress Report

At the last meeting it was agreed that Chris Benham would produce a proposal for the Finance Director to write of bad debts, advising of thresholds etc. Chris Benham advised the Committee that this would be completed for the next meeting. The Committee were advised that any issues relating to 2011/12 would follow the current process; issues relating to 2012/13 would follow the revised process.

2012.13 – Internal Audit Plan 2012/13 and beyond

Dennis Jones advised the Committee that this had been discussed at the Board Development Day. **Action Complete**

2012.14 – Recommendation Tracking

The Committee were advised that the lack of response to the Workforce recommendations had been escalated to Victoria Maher, and the recommendations had been updated. **Action Complete**

2012.15 – Losses & Special Payments

It was confirmed that Chris Benham had arranged for future Losses & special Payments papers to include gridlines, as requested at the last meeting. **Action Complete**

2012.24 Medical Records Progress Update

Andrew Stenton and Janine Harrison attended the Committee to present a paper updating on the work being carried out in the Health Records and Appointment Scheduling departments.

Health Records

The Committee were advised that storage had been a significant issue, and “Culling Teams” had been put in place on both sites in order to cull deceased records. It was noted that this was being done following protocol. Janine Harrison confirmed that it was expected to take at least 12 to 18 months to complete the cull.

It was noted that there was also an issue around duplicate records, and a project was in place to work through 25,000 duplicate sets of notes.

The Committee were informed that 6 months notice to vacate Hortonwood premises had recently been given to the Trust, and as a result a capacity exercise would need to be carried out to establish the consequences of losing the storage space and future space requirements.

It was noted that Health Records staff had carried out a tracking audit and identified that 25% of all health records were not being tracked using the PDT system. As a result of this, a paper was being drafted and would be circulated to all Centre Chiefs stating that PDT would be compulsory.

In answer to Simon Walford’s query, the Committee were advised that there was no Committee responsible for overseeing the issue, and it was suggested that the Quality & Safety Committee should be responsible for monitoring the situation.

Dennis Jones advised that it would be useful to see a clearly defined action plan which identifies the key steps required, who was leading and overseeing the issue at Executive level and timescales. Andrew Stenton informed the Committee that the Medical Records Committee was being reconstituted and a Taskforce Group had been set up. Janine Harrison advised that a 3-5 year strategy was being worked on.

Action: Andrew Stenton to ensure a clear action plan is developed and that the ToR of the Medical Records Taskforce Group included oversight Committee.

Dennis Jones stated that he would report to the Board on this on-going issue and advised that it would be useful for the Audit Committee to have assurance at the next meeting that governance arrangements were in place.

Booking & Scheduling

The Committee were advised that external consultancy firms had been brought in to the Trust to review processes within Outpatients, and Neil Nisbet pointed out that the work carried out by Finnamore had resulted from the additional pending list etc. It was noted that recommendations had been made in a report received from Finnamore, and although it was not expected that the recommendations would yet fully implemented, it was expected that action was being taken and

the issues being dealt with.

Janine Harrison advised that a centralised call centre booking and scheduling appointments was being looked into, and proposals were being worked through. A paper would be presented to the Hospital Executive Committee for approval.

Neil Nisbet advised that the tracking of the Fynamore report would be done through the Finance & Performance Committee and it was suggested that it would be useful for the Finance & Performance Committee to request a report on progress. The findings of the Fynamore report were being taken forward as part of the broader Transformation project including outpatient management and control alongside other transformation issues.

Neil Nisbet informed the Committee that a resources group was taking forward the recommendations from the report but was not formally reviewing the progress of the reports.

Glen Palethorpe recommended that recommendations should be mapped into the project plan of the group.

The Committee agreed that clarity was required on how to govern and respond to the issues and the recommendations of the report, and sought confirmation that a comprehensive project plan was in place.

Julia Clarke informed the Committee that the Trust Chairman had commissioned review of various committees and a report would be presented to the Board Development Day in May.

An update would be received at the next meeting.

Action: Update to be received at next meeting from Steve Peak.

2012.25 Recommendation Tracking Update

Andrew Stenton provided an update on outstanding recommendations, for which he was the Executive lead and it was noted that the cancelled operations process had been reset and was now working much better, with data having been validated and now in a form to enable more informative reporting.

Chris Benham confirmed that the Charitable Funds Policy had now been revised and published on the intranet, and would be circulated to Centre Chiefs.

With regard to Waiting List Initiatives, the Committee were informed that the process had been changed and funding would be taken back from Centres, and all requests for funding would need to be submitted to John Cliffe. A process paper had been written and would be circulated to Centres and it was noted that a panel had been set up to meet and discuss funding on a fortnightly basis.

2012.26 Appointment of Interim Auditor for 2012/13

The Committee received a copy of a letter from the Audit Commission outlining the appointment of KPMG as External Auditor to the Trust for five years from 2012/13.

Simon Stanyer advised the Committee that 70% of work undertaken by the Audit Commission currently, would go out to other firms. It was pointed out that whilst this did not pose any conflicts at present, the Committee should be aware that things may change.

The Committee **NOTED** the paper and position.

Surgical Centre Risk Register

Mr Tony Fox and Louise Gill attended the Committee to go through the principal issues on the Surgical Centre Risk Register.

In answer to Simon Walford's query regarding the accuracy of the scores for each risk, Louise Gill advised that she was confident that the scores accurately reflected the situation of the risks, as they were owned and approved through the Centre Governance structure.

Risk Ref. 488 – **Mixed Sex accommodation Endoscopy RSH / PRH** – was briefly discussed and the Committee were advised that the Trust must comply with single sex accommodation for the implementation of the age extension for the NHS bowel screening programme, due from December 2012.

The Committee were advised that Risk ref. 373 – **Endoscopy washers** – could soon be removed from the Corporate Risk Register. Chris Benham advised that a single tender had gone out and it was confirmed that this was the only supplier able to offer the decontamination run by the Trust and that the Trust had undertaken the single tender approach to take advantage of a cancelled order and the opportunity to purchase 3 washers for the price of 1.

Risk Ref. 419 – **Risk associated with General Surgical specialities** – was discussed and Louise Gill advised the Group that it had been attempted to mitigate the risk by moving major surgical areas to RSH and it was noted that there were problems with emergency cases at PRH site and that delays in transfers were possible.

The risk reflected the complex arrangements required to ensure the right range of specialist cover at each site and the problems in securing this across a two site service. Mr Fox advised that risk was also associated with very sick patients being allocated a bed where there was a bed available, and not necessarily where the specialty most suited to their clinical need was located. It was noted that the reconfiguration of services was a solution to this problem.

Julia Clarke informed Mr Fox that the Full Business Case for the Relocation of Hospital Services was approved by the Board on Monday 16 April 2012, and the Committee advised that the transfer of services was due to take place during July 2012. Mr Fox welcomed this and stressed the need to ensure the timely implementation of the service change.

The Committee were advised that the following risks:

- Risk Ref. 325 – Theatre operating tables
- Risk Ref. 355 – Theatre operating lamps
- Risk Ref. 376 – Obsolete cystoscopes being used at the PRH

were all on the capital aspirations list. Neil Nisbet advised that sums of money had been identified for the replacement of equipment, and the Corporate Risk Register was being utilised as the basis for replacements. The Committee was advised that the Corporate Risk Register was being broken down into a list by scores and was being worked through to identify equipment requiring replacement.

A final issue drawn attention to was the risk that accommodation planning and pressures sometimes lead to the housing of staff away from the service area to which they worked. This introduced the risk of less effective communication on patient service matters and a general reduction in the efficiency of team working.

The Committee thanked Mr Fox and Louise Gill for attending the meeting.

2012.28 Estates Risk Register

Chris Needham attended the Committee to go through the principal issues on the Estates & Facilities Risk Register. His main focus was the risks associated with fire safety systems and advised that financial resources had been put into fire safety to ensure systems were maintained properly.

The Committee discussed Risk Ref. 171 – **Fire alarm system PRH** – and Risk Ref. 176 – **Fire alarm system RSH** – and Chris Needham advised that this issue had been dealt with very well, however the issue could have had major implications for the Trust. It was confirmed that the Trust statistics were in line with the National average.

It was suggested that the score for these items should be revised to 2, 5 as it was agreed that although the risk was unlikely to occur, the result could be catastrophic.

With regard to Risk Ref. 177 – **Fire Doors on both sites** – the Committee were advised that systems were in place to replace the fire doors.

Overall, whilst the risks were as identified, assurance was given to the Committee that the Trust fully satisfied the requirements of fire safety certification. Shortfalls affected the meeting of the most recent improvements and requirements to safety regulations and did not represent a failure to meet the certified standards.

The Committee briefly discussed Risk Ref. 116 - **office accommodation for corporate departments** – and it was noted that this issue was linked to accommodation for clinical areas, and there was concern that clinical services may be affected (as references in the review of risks in the Surgical Centre above). Chris Needham advised that a Space Allocation Policy was in place.

Risk Ref. 406 – **Body fridges at RSH** – was discussed and the Committee were advised that the fridges were in need of replacement. It was noted that an overspill room with refrigerated controls had been provided and arrangements were in place to bring a temporary mortuary unit on site quickly. Chris Needham confirmed that he was confident these existing controls would work.

Dennis Jones queried the issue of injury to staff pushing beds into the un-level lift in the Maternity building. Chris Needham advised that this issue was included in the Capital Programme for early resolution.

It was agreed that Chris Needham would update the scores on the Risk Register and forward to Clare Jowett.

Action: *Chris Needham to update scores on Risk Register and forward to Clare Jowett.*

2012.29 Board Assurance Framework

The Committee received the Board Assurance Framework (BAF) for information and Julia Clarke advised that this would be the last time the BAF would be seen in this format. At the next meeting the Audit Committee would receive the new BAF format as agreed at the April Board Development session.

The Committee were advised that 6 overarching risks had been identified at the Board Development Day.

The intention was for the new BAF to have a single summary sheet, and Simon Walford raised concern about language, such as “catastrophic”, being used in the scoring and pointed out that

it could cause confusion around the meaning. Julia Clarke advised that the working had been taken from NPSA guidance but definitions could be reviewed to ensure the use of more suited terminology.

Julia Clarke advised that principle risks on the BAF would not be scored, but items in the Corporate Risk Register would be and would be validated. New risks would be reviewed at the Risk Management Committee with Centre Chiefs.

Simon Walford raised concern that the Trust had failed to meet the RTT target including the effects of recent issues within Ophthalmology and Clare Jowett confirmed that this risk was on the Central Risk Register.

Dennis Jones pointed out that a number of risks had been on the register for an extended period and in some instances included out of date information. It was suggested that the Risk Management Executive Committee should review this to ensure the Corporate Risk Register remains up to date, relevant and appropriately scored.

Action: *The Risk Management Executive to ensure the Corporate Risk Register remains dynamic.*

2012.30 Corporate Risk Register

The Committee received the Corporate Risk Register for information. It was noted that there were ongoing budget control issues around both pay and non-pay costs, and Neil Nisbet advised the Committee that the Finance team was trying to establish whether this was due to the delivery of RTT or because the situation had more generally worsened.

2012.31 External Audit 2011/12 Interim Report

Simon Stanyer presented the External Audit 2011/12 Interim Report, summarising key findings from the work carried out at the Trust, and it was noted that a break-even position had been forecasted.

In terms of CIP, it was noted that governance was now much stronger and that a higher level of cost reduction had been secured, including some delivery based on one-off controls, although there were still concerns around the non-review of staffing nominal rolls.

Reference was made that clinical coding still presented control concerns and Simon Stanyer referred to evidence as to some continued inconsistency in practice and concerns over some legibility problems with doctors' notes.

The Committee were advised that a final accounts review would be undertaken shortly.

2012.32 RSM Tenon Progress Report

Shauna Mallinson presented the RSM Tenon Progress Report for information. It was noted that 8 reports had been finalised since the last Audit Committee, and on the whole, positive opinions had been given. It was confirmed that the Compliance with NICE Guidance (18.11/12) report had been circulated following the last meeting, as requested.

The Committee were advised that a review of the Finnamore Report had been carried out; looking at the 27 actions and it was noted that RSM Tenon had concluded that little progress had been made. Glen Palethorpe suggested that actions from the Finnamore Report should be mapped through project plans.

As referred earlier in the meeting, the Finnamore report was now being addressed as part of the wider "Transformation project" in respect of patient access and controls and a number of actions

were being addressed via this broader workplan. Tracking of the implementation of actions stemming from Finnamore should remain clear within this workplan.

Julia Clarke queried who had been interviewed for the Finnamore reports and it was agreed that Shauna Mallinson and Glen Palethorpe would check and advise following the meeting.

Action: *Shauna Mallinson & Glen Palethorpe to advise Julia Clarke of who had been interviewed for Finnamore report.*

In answer to Dennis Jones' query regarding Junior Doctor Compliance with EWTD, it was confirmed that the report had been issued with an Amber opinion and that management comments were being taken forward.

2012.33 Draft Annual Internal Audit Opinion 2011/12

Glen Palethorpe presented the draft Annual Internal Audit Opinion for 2011/12, and it was noted that the Trust-wide opinion was that there was a positive system of internal control whilst caveats remain in respect of some control improvements that are required.

Simon Walford questioned whether the caveats as part of concluding on the opinion of Internal Audit would have an impact on the Trust's Foundation Trust application. Glen Palethorpe advised that, in principle, an adverse Internal Audit opinion could have an impact, however the opinion provided for the Trust would not have an effect as it was a positive opinion.

2012.34 Counter Fraud Annual Report 2011/12

Gavin Ball presented the RSM Tenon Counter Fraud Annual Report for information.

The Committee were advised that the Trust had been awarded a provisional Level 2 Qualitative Assessment rating for counter fraud work during 2011. The LCFS had appealed the level 2 decision, with the support of the Finance Director, as it was felt that the work completed and evidence provided merited an increase in score to level 3. The Committee were advised that NHS Protect had confirmed that the Trust's score should remain at level 2.

It was noted that 8 investigations were carried out, following referrals during 2011/12, and one investigation had been carried forward from the previous year. A total of £8,500 had been recovered to date.

Chris Benham advised that work had been carried out on Payroll matches however the information had not yet been uploaded to the Audit Commission. It was agreed that Chris Benham would arrange for this to be done.

Action: *Chris Benham to arrange to upload information to Audit Commission and update at next meeting.*

Simon Walford queried whether the GMC had been notified about the case relating to £11,000 received through claiming excessive hours on a timesheet. Chris Benham advised that agreement had been made to pay the money back to the Trust, and it was agreed that this issue was appropriate to be reported to the GMC and it would be checked into as to whether this would be reported.

Action: *Julia Clarke to discuss this issue with Mr Ewan Craig.*

The Committee **NOTED** and **ACCEPTED** the paper.

2012.35 Recommendation Tracking

The Committee received the Recommendation Tracking report for information and it was noted that there were currently 9 Category A recommendations; 25 Category B recommendations; and 20 Category C recommendations. 31 recommendations had been closed since the last Audit Committee.

Julia Clarke advised the Committee that further recommendations had been closed by the Finance Director, since the papers had been printed.

It was noted that the Risk Management Executive Committee received and reviewed all operational risks.

The Committee agreed that some improvement could be seen in the revised presentation of the tracking report, but remained frustrated at the number of recommendations out of date and the apparent insufficient attention paid by staff responsible to both updating the position reported and ensuring update comments were relevant.

It was agreed that Julia Clarke would look at how to refresh the Recommendation Tracking report and focus on high recommendations.

Action: *Julia Clarke to look at refreshing Recommendation Tracking report and focus on high recommendations.*

2012.36 Audit Committee Annual Report

The Audit Committee Annual Report was received for information and the Committee were asked for comments.

Simon Walford suggested that it would be useful to include the Audit Committee's relationship with the Quality & Safety Committee and Finance & Performance Committee, under section 4.4.1.

Referring to section 2.4, Dennis Jones advised the Committee that he produced a report to summarise and draw the Board's attention to key issues from each Audit Committee meeting and the draft should reflect that.

Sue Assar suggested that, under section 6, the fourth bullet point should read, "The Audit Committee will require relevant managers..." rather than, "...invite relevant managers..."

It was agreed that Clare Jowett would incorporate the comments into the report.

Action: *Clare Jowett to incorporate comments into Audit Committee Annual Report.*

2012.37 Risk Management Executive Annual Report

The Committee received the Risk Management Executive Annual Report for information.

Julia Clarke suggested that it would be useful for a copy to be presented to the Quality & Safety Committee for information and assurance.

Action: *Clare Jowett to arrange for RME Annual Report to be presented to Quality & Safety Committee.*

2012.38 Annual Governance Statement

The Committee received the draft Annual Governance Statement, and Glen Palethorpe advised that the draft Internal Audit Opinion would be sent to Clare Jowett, with amendments, for inclusion in the Annual Governance Statement, before submission on 11 June 2012.

Sue Assar recommended that section 8 should be made more positive and it was suggested that reference to the Board's agreement to the Full Business Case for the Reconfiguration of Hospital Services, should be included.

2012.39 Losses & Special Payments

Chris Benham presented details of Losses & Special Payments for information and it was noted that there had been a significant reduction in RSH Pharmacy expired stock. This would be included in the review of the Pharmacy stock programme, Chris Benham would present at year end.

The Committee **NOTED** the paper.

2012.40 Expenditure over £100K

The Committee received details of expenditure over £100k for the period January – March 2012 for information.

Simon Walford queried the payment to McKinsey & Company, and it was confirmed that this was for benchmarking work which had been carried out at the Trust.

The Committee were advised that 50% of the Semahelix maintenance contract fees would be recharged and that a footnote explaining this would be added to future reports.

In answer to Simon Walford's query, Chris Benham advised that the Radiotherapy Physics SLA was monitored by Oncology and quarterly meetings were held to discuss this.

The Committee **NOTED** the paper.

2012.41 Standing Financial Instructions and Standing Orders Waived

The Committee received details of Standing Financial Instructions and Standing Orders Waived for the period 1 December 2011 – 31 March 2012 for information.

Simon Walford queried how the Trust could ensure that the Healthcare Medical was price competitive if it had not been tendered. Chris Benham advised that Procurement were working hard to ensure that this element was covered.

2012.42 Issues to Draw to the Board's Attention

It was agreed that the following issues would be brought to the attention of the Board:

- Key messages from Medical Records and Ophthalmology
- Key messages from Estates and Surgical Centres
- Audit Opinion and Amber / Red reports
- The importance of communication through the Trust

2012.43 Any Other Business

Dennis Jones queried whether a Committee Work-plan had been produced and it was agreed

that this would be presented to the next meeting.

Action: *Julia Clarke to arrange for Audit Committee Work-plan to be presented to the next meeting.*

Dennis Jones thanked RSM Tenon colleagues for their work and contribution to the Trust over the years of their internal audit contract given that this would be their last meeting. In this respect he drew particular attention to the contribution made by Mike Gennard over this period.

2012.44 Date of Next Meeting

Thursday 7 June 2012, at 1 pm in Seminar Room 1, SECC, RSH.

A Special Audit Committee to review the draft accounts will be held for Board Members only:

Thursday 10 May 2012, at 1 pm in Syndicate Room 5, SECC, RSH.

There were no additional issues requiring a private meeting between NEDs and Auditors.

AUDIT COMMITTEE MEETING

Thursday 19 April 2012

Syndicate Room 6, SECC, RSH

ACTIONS

Minute	Action	By Whom / When
2012.23 – Matters Arising	<u>2012.03 – Matters Arising</u> To update Committee on relocation of PRH safe at the next meeting.	Chris Benham
2012.24 – Medical Records Progress Update	<u>Health Records</u> To ensure ToR of the Medical Records Taskforce Group included oversight Committee. <u>Booking & Scheduling</u> To provide update on Committees review, following Board Development Day in May.	Andrew Stenton Steve Peak
2012.28 – Estates Risk Register	To update scores on Risk Register and forward to Clare Jowett.	Chris Needham
2012.29 – Board Assurance Framework	To ensure the Corporate Risk Register remains dynamic.	Risk Management Executive
2012.32 – RSM Tenon Progress Report	To advise Julia Clarke of who had been interviewed for Finnamore report.	Shauna Mallinson / Glen Palethorpe
2012.34 – Counter Fraud Annual Report 2011/12	To arrange to upload information to Audit Commission and update at next meeting. To discuss reporting timesheet issue to GMC with Mr Ewan Craig.	Chris Benham Julia Clarke
2012.35 – Recommendation Tracking	To look at refreshing Recommendation Tracking report and focus on high recommendations.	Julia Clarke
2012.36 – Audit Committee Annual Report	To incorporate comments into Audit Committee Annual Report.	Clare Jowett
2012.37 – Risk Management Executive Annual Report	To arrange for RME Annual Report to be presented to Quality & Safety Committee.	Clare Jowett
2012.43 – Any Other Business	To arrange for Audit Committee Work-plan to be presented to the next meeting.	Julia Clarke