

THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST

AUDIT COMMITTEE MEETING

Thursday 15th December 2011

MINUTES

Present:	Dennis Jones (Chair) Sue Assar	Non-Executive Director Non-Executive Director (part of meeting only)
In attendance:	Neil Nisbet Julia Clarke Dr Ashley Fraser Vicky Morris Chris Benham Clare Jowett Mike Gennard Shauna Mallinson Simon Stanyer	Finance Director (part of meeting only) Director of Compliance & Risk Management Medical Director (Item 2011. only) Director of Quality & Safety (Item 2011. only) Assistant Director of Finance (Financial Accounting) Chief Compliance Officer RSM Tenon RSM Tenon KPMG
Apologies:	Simon Walford Gavin Ball	Non-Executive Director RSM Tenon
Secretary:	Marie Devitt	PA to Director of Compliance & Risk Management

Dennis Jones welcomed Shauna Mallinson to the Committee.

2011.94 Members to Declare Interests in any of the Following Items

There were no declarations of interest.

2011.95 Minutes and Acton Points of previous meeting held 22 September 2011

The Committee received the minutes of the last meeting. It was noted that under the list of attendance, Clare Jowett's title should read, "Chief Compliance Officer" and under apologies, Tina Cookson's title should read, "Chief Operating Officer".

Chris Benham pointed out that the Quality Account, item 2011.67 under Matter Arising, should be dated 2010/11.

The minutes were approved subject to minor amendment.

2011.96 Terms of Reference

The Committee received the Terms of Reference for information and Clare Jowett advised the Committee that the Terms of Reference had been updated following the last meeting and in line with the Audit Committee Handbook. It was noted that minimal changes had been made, and the Terms of Reference would not need to be re-presented to the Trust Board for approval.

The Committee **ACCEPTED** the amended Terms of Reference.

2011.97 E-Rostering Update

Vicky Morris attended the Committee to provide an update.

The Committee were advised that significant progress had been made, and there had now been a significant decrease in the use of agency nursing staff. Policies and a number of working practices had been reviewed to strengthen controls.

Discussions had been held around agency usage and ways of increasing the nursing and HCA banks were being considered. It was noted that bank staff resources were now available during late evenings and weekends.

Dr Fraser updated the Committee on E-rostering for doctors and it was noted that the Medical Staffing Department was now unified and reported to the Medical Director. Agency and locum spend was being scrutinised. It was planned to bring forward the implementation of WTD monitoring and e-rostering. Avoiding the generation of employment rights post-12 weeks agency working was also a key control aim.

Neil Nisbet informed the Committee that a paper would be presented to the Hospital Executive Committee advising that extended Agency contracts would not be paid to the agency if commissioned outside of the new control framework and the Trust would only pay the agency for the shifts originally applied for and authorised.

The Committee noted that during Month 08 a £98,000 reduction in costs had been seen as part of a trend of cost reduction from agency staffing.

The Committee agreed that encouraging progress had been made and that qualitative benefits should also accrue.

2011.98 Matters Arising

2011.77 – Review of Audit Committee Terms of Reference

Clare Jowett confirmed that she had updated the Terms of Reference, as agreed at the last meeting, and cross-referenced with Peter Vernon, Non-Executive Director.

2011.78 – Minutes of Previous Meeting held 9 June 2011

The minutes had been updated with suggested amendments, following the last meeting. **Action Completed.**

2011.79 – Matters Arising from Previous Meeting held 9 June 2011

2011.36 – Statement of Internal Control (SIC) Process

At the last meeting it was agreed that Julia Clarke would present a timetable of the Annual Governance dry run process at the December Audit Committee. This item would feature later on the agenda. **Action Completed.**

2011.62 – Local Counter Fraud Specialist Annual Report for 2010/11

It was confirmed that Gavin Ball had circulated the Bribery Act leaflet and staff update to Committee Members for information. **Action Completed.**

2011.83 – Internal Audit Progress Report

It was agreed at the last meeting that Clare Jowett would ensure that Dr Fraser presented a Clinical Audit report to the Quality & Safety Committee. The Committee were advised that a quarterly Clinical Audit report was now being presented to the Quality & Safety Committee. **Action Completed.**

2011.85 – Local Counter Fraud Specialist Report

Chris Benham and Dr Fraser advised the Committee that the Trust Board had received, and agreed, a paper regarding Waiting List Initiatives. It was suggested that a local rate of £600 was paid per clinic session and it had been agreed that this would begin on 1st April 2012, in order to allow time to manage pending issues. **Action Completed.**

2011.86 – Recommendation Tracking

The Committee were advised that recommendations relating to the Finance Director had been closed, where possible. **Action Completed.**

2011.87 – Audit Committee Annual Report

Clare Jowett advised the Committee that the Audit Committee Annual Report had been updated with suggested comments, following the last meeting. **Action Completed.**

2011.89 – Losses & Special Payments

At the last meeting it was requested that Chris Benham look into expired stock and include the detail in future Losses & Special Payments reports. Chris advised the Committee that he had requested a summary report from Bruce McElroy to establish whether any control issues existed.

Action: *Chris Benham to feedback on findings.*

2011.92 – Any Other Business

The Committee were advised that arrangements were in place for Centre Chiefs / managers to attend the Audit Committee to account for any issues in their areas.

2011.99 Womens & Childrens Centre Risk Register

Mr Andrew Tapp attended the Committee to go through the principal issues on the Womens & Childrens Risk Register.

Risk Ref. 389 – **the overarching risk of the Maternity building** – was discussed and it was noted that this risk had been scored at 20. The Committee were advised of problems with the reliability of the lift within the building and a RIDDOR reportable incident that had occurred. The manufacturer had been to assess the problems.

Mr Tapp added that Maternity had coped with the “nuisance” of the risk previously, however it was now felt that this risk should be escalated due to the injuries incurred by members of staff since using the new beds with the lift. It was noted that the Estates Department were obtaining quotes for a covered walkway to link Maternity to the existing building to avoid using the lift but that such an interim solution was far from ideal.

The Committee were advised that for the Neonatal Unit to change to piped air, all medical gasses would need to be turned off during the alterations. Alternative options to avoid this problem were currently being looked into.

The Committee were advised that a decision had been made at the Capital Planning Group to not fund a second theatre, due to the impending move of Maternity Services to PRH. This staregy has previously been endorsed at Board level and mitigating practices and improvements had been identified to reflect this decision, again as endorsed by the Board.

Risk Ref. 353 – **Medical staffing cover for womens services** – was discussed and it was

noted that this issue has been reported to the Board and it had been agreed previously that the number of doctors could be increased, however the Committee were advised that the Trust had failed to recruit to these posts so other options, including different practices in terms of the deployment of consultants, were being considered.

The Committee were advised of Risk Ref. 390 – **limited space on the neonatal unit** – which meant that access to sick babies was compromised. Mr Tapp advised that funding for storage had been agreed at the Capital Planning Group with a view to releasing some space within the unit.

The Committee thanked Mr Tapp for attending the Audit Committee.

2011.100 Board Assurance Framework Review

Julia Clarke advised the Committee that this was the first time the Board Assurance Framework (BAF) had been presented in this format with the relevant Executive Director present to enable the Committee to scrutinise issues and for the Director to confirm the risk, the controls and any outstanding issues as well as to whether the current BAF risk covered all the risks

Julia advised that it would be useful to receive feedback on the format of this report.

2011.100.01 – Medical Director Risks

Dr Fraser presented the principal risks from his area. Risk Ref. 357 – **Poor response / supervision of junior medical staff resulting in suboptimal treatment** – and Risk Ref. 28 - **inadequate / inefficient clinical skill mix impacting on ability to deliver safe & effective care** – were discussed briefly and Dr Fraser advised that these two risks were very similar. It was noted that there were currently 67 vacancies within the medical establishment and a significant number of consultants were being covered by agency / locums.

It was noted that there was now a greater involvement of Centre Chiefs in managing these medical risks and an improvement in patient care could be seen. Dr Fraser added that the latest Deanery reports rated the Trust as one of the four best units in the Country as far as training was concerned.

A reduction in agency spend had been achieved and a new Medical Staff Leave policy allowed Centres to manage how many medical staff were required to be present at any one time.

With regard to Risk Ref. 278 – **poor management of significant patient test results resulting in missed / late treatment** – Dr Fraser informed the Committee that a task and finish group had been established to move towards 100% electronic test results and a means by which the process of review of all test results could be effectively monitored and audited. A paper would be presented to the Hospital Executive Committee. Control measures had been put in place and it was noted that this seemed to be 100% effective within Cancer Services.

It was noted that there was very limited capacity within the existing Radiology system to integrate with the PAS system, and discussions were ongoing regarding a new integrated Radiology system.

The Committee recognised the importance of this issue.

Dr Fraser informed the Committee of issues relating to Risk Ref. 262 – **lack of clinical leadership resulting in failure to engage clinical staff in change** - and advised that Centre Chiefs were now in place so the situation had improved and would improve further. Work has been undertaken by the Clinical Leads Network and the Medical Director to bring together the Drugs & Therapeutics Group and Medical Records Committee into one group of Clinical Leads.

Recent work to address the issue of the risks from the previously high **HSMR score** had been

effective in securing a material reduction and alongside the more effective use of Early Warning Scores this should help address qualitative concerns over care standards and outcomes.

Dr Fraser confirmed the BAF accurately reflected the current strategic risks, for which he was Executive Lead, and the controls in place.

2011.100.02 – Director of Quality & Safety Risks

Vicky Morris presented the risks from her area and it was noted that improved ward controls were in place in relation to Risk Ref. 415 - **poor standards of care provision on wards resulting in unsatisfactory patient experience** – and there was now a formal process of Ward to Board measures and (regularly recorded) comfort rounds in place, although some further refinement was needed.

Although there were still some issues around adequate nursing, patients were asked to sign (if possible) that comfort rounds had been carried out every 1-2 hours.

The Safer Nursing Care Tool was introduced during July / August 2011, and will be fully implemented and rolled out during December 2011. The tool would look at where resources are and where focus is needed.

The Committee were advised that the CQC and West Midlands Quality Review were carrying out a formal review of the documentation of nursing care. Some concerns had been expressed resulting from this review and work is underway to address the issues raised. It was expected that implementation of agreed improvements would take place during February 2012, following formal sign-off.

It was noted that the Quality & Safety Committee carried out regular walk-about before each Committee meeting, and a Patient Engagement & Involvement Panel had been set up and would be working with the Trust to carry out observations of care. Members were currently going through CRB checks.

Neil Nisbet advised that he was chairing a monthly Quality Performance Group, involving Senior Deputy Chief Nurses to monitor data through the Allocate system. This Group would feedback to the Quality & Safety Committee and had been established as a working Group. The committee agreed that it would be useful to receive an update from this group at a future meeting.

Action: Neil Nisbet to arrange for an update from Quality Performance Group to be received at a future Audit Committee meeting.

Vicky Morris informed the Committee that two CQC reports had been received for RSH and PRH. It was noted that there was one area of concern for RSH; and 4 minor and 1 moderate at PRH. Issues were highlighted around Ward 15, although the main area of concern was around documentation, despite recent improvements. The lack of consistency of documentation and practice between sites was included in the concerns raised. An action plan produced from the reports had been sent to the CQC.

Vicky Morris confirmed that the BAF accurately captured the status of the principal risks and the controls in place.

It was agreed that Vicky Morris and Dr Fraser would liaise with Clare Jowett to update their BAF Action Plan.

Action: Vicky Morris & Dr Fraser to liaise with Clare Jowett to update BAF Action Plans.

In answer to Dennis Jones question relating to pressure sores and the priority given to this issue within the region, Vicky Morris advised that this issue was being monitored with a zero tolerance

approach to grade 4 pressure sores and reduction in grade 3. It was noted that some gaps in the controls and documentation had been identified, however it had been proposed that Wards purchase a camera to take photographic evidence to improve the care and control process.

2011.100.03 – Finance Director Risks

Neil Nisbet presented the risks from his area. Risk Ref. 18 – **Failure to deliver I&E position resulting in Trust not being viable service provider** – was briefly discussed that it was noted that this had been reclassified as Amber in the light of recent monthly trends and results. The I&E position was improving and senior officers had been assigned to each Centre, from October 2011.

The Committee were advised that Risk Ref. 411 – **Service Line Reporting** was Amber. A Service Line Management Project Board had been established from June and the SLR system allowed the Trust to challenge spending levels within the Centres. The latest position on the roll-out of SLR had been reported to the F&P Committee.

Agency costs were reducing and it was noted that 80% of creditors had been paid at the cumulative end of year. No major financial issues were experienced.

In answer to Dennis Jones query, it was confirmed that the Trust was looking at I&E balance this year, including less reliance on non-recurring funding in response to the long held concerns over the Trust's financial standing. Chris Benham confirmed that the score for cash should remain unchanged, and would be reviewed in January 2012. It was noted that the Month 06 review on Non-Pay had been issued to Centres.

With regard to Risk Ref. 19 – **failure to deliver CIP resulting in the Trust not being a viable services provider** – the Committee were advised that a more rigorous CIP identification and reviewing process was in place and Simon Stanyer stated that recommendations from the CIP report were being followed up and would be discussed with Neil Nisbet.

In relation to Risk Ref. 413 – **fragmentation of commissioning responsibility between PCT and cluster resulting in lack of clarity around decision making** – it was noted that PCT cluster had added clarity and the Clinical Commissioning Groups would further improve this.

Risk Ref. 417 – **Inadequate network resilience arrangements** – was discussed and Neil Nisbet informed the Committee that a request for further information and advice had been made to an external supplier, regarding specifications and the possible outsourcing of the some or all of the IT support system. The deadline to submit the information is mid January and it was expected to receive a draft specification by the end of January / February 2012. This would inform the development of a revised strategy for improved resilience, back-up and support. The IT contract for support was expected to be in place, following a formal procurement process, in May / June 2012.

Within this risk, Neil also highlighted the risks associated with a number of key ICT servers that were approaching the end of their serviceable life.

Dennis Jones questioned what level of resilience existed within, and whether, the Business Continuity Plan was, picking up issues in the event of a major disaster or failure, especially a fire in the ICT control unit at RSH. Neil Nisbet advised that there were a set of arrangements in place, including some cross-site back-up for key systems such as the PAS, in line with the limitation on the resources available. There is a need to make improvements and there is a risk of significant operational impact should a material failure occur under the present safeguards. There would be a need for the Board to consider potential improvements alongside the financial cost of making improvements.

Risk Ref. 418 – **poor information systems and processes** – were discussed and it was noted that a PAS report was being produced. A report had been received from Finnamores, reported

to F&P Committee, and it was noted that Steve Peak, Director of Transformation, had responsibility for taking this issue forward. The report highlighted a number of significant risks within the current system and procedures attaching to it.

It was noted that a Data Quality group had been formed and approximately 12 key data issues had been identified to focus on. A prioritisation exercise, using the Risk Matrix, had been carried out and work to address these issues was being undertaken.

Neil Nisbet advised the Committee that duplicate registrations within the PAS was a main issue for the Committee to recognise but he was content that work was ongoing to address the issue over the coming months.

Neil Nisbet confirmed that the risks on the BAF, for which he was responsible, were accurate and covered the key risks.

2011.101 Board Assurance Framework

Clare Jowett presented the Board Assurance Framework for information and it was noted that it allowed the Board to focus on the key risk to strategic objectives.

It was agreed that Clare would re-check with risk owners that risks were up to date and the Committee agreed that other Directors would be invited to present their principal risks to the Audit Committee for scrutiny at subsequent meetings.

Action: *Clare Jowett to check with risk owners that entries on BAF were up to date and ensure that other Directors would be invited to present their risks to the Audit Committee.*

The Committee were advised that the Board Assurance Framework provided information from the top down, and the Corporate Risk Register allowed risks to be reviewed from the bottom up.

The Committee **NOTED** the paper.

2011.102 Corporate Risk Register

The Committee received the Corporate Risk Register and the accompanying risk “hotspot summary” for information, and it was noted that the risks were linked to the corporate objectives and CQC standards, and had been extensively updated and mapped to the new Centres.

Julia Clarke suggested that the Centre Chiefs for Ophthalmology and Emergency & Critical Care should be invited to attend the February Audit Committee to go through their Risk Registers. The Committee agreed with this suggestion.

Action: *Marie Devitt to invite Rob Law & Ewan Craig to February Audit Committee.*

The Committee **NOTED** the paper.

2011.103 External Audit Progress Report

Simon Stanyer presented the External Audit Progress Report for information and it was noted that work on the National Fraud Initiative, as mandated by the Audit Commission, had been completed. The Trust had been assessed as Medium Risk.

The financial statements in respect of Charitable Funds had been concluded with a positive audit statement.

Work was being carried out on the Cost Improvement Programme follow-up review and meetings were being held with Executive Directors. It was noted that report would be received at the February Audit Committee.

Dennis Jones queried with Neil Nisbet, as part of a CIP review follow-up to the February 2012 committee, whether a forecast of recurrent and non-recurrent CIP would be produced.

It was noted that work was starting around data quality, feeding into the Quality Account.

Simon advised the Committee of an announcement from the Secretary of State for Communities and Local Government, concerning the future of the Audit Commission's statutory audit practice. The Committee were asked to note the proposed arrangements for the future of the Audit Commission and ensure that appropriate place were in place regarding transitional arrangements.

The Committee were made aware of the implications of the Alignment Project with the Department of Health, and with regard to prior year and current year adjustments, Chris Benham suggested that it would be useful for the Committee to receive a briefing paper.

Action: *Chris Benham to produce briefing paper.*

2011.104 Internal Audit Progress Report

Mike Gennard presented the Internal Audit Progress Report and it was noted that recommendations from Audit Report Data Quality (1) would be followed up and a report brought back to the February Audit Committee. Key control issues reflected the need for consistency, reliability and timeliness regarding data. It was agreed that Julia Clarke would pick up the recommendations with Andrew Stenton, Interim Director of Operations, and invite him to attend February Audit Committee. The Committee did note however that given the report's completion in September 2011 many of the recommendations had been applied but this would be validated through follow-up.

Action: *Julia Clarke to pick up Data Quality (1) recommendations with Andrew Stenton and invite him to attend February Audit Committee.*

Due to the early departure of some Committee Members, the Audit Committee continued as an informal meeting.

Shauna Mallinson talked the Committee through recent finalised reports and it was noted within Workforce (1) Recommendation Follow up (04.11/12), limited progress had been made and recommendations had been reiterated, along with new recommendations made.

A split opinion had been made against Charitable Funds (07.11/12). Wards – Amber/Red; Finance – Green.

Chris Benham advised that there were continuing issues with the PRH safe and Estates and Security. These affected the ability to ensure the prompt securing of donations and also other valuables. Vicky Morris informed the Committee that a policy for dealing with valuables on the ward was being produced and it was expected to have gone through the policy process by the end of December 2011.

This issue of safe keeping was not new and the Committee agreed that it should be a priority for resolution and action.

Action: *Chris Benham to follow up issues relating to PRH safe.*

Some recommendations had been made with regard to Data Quality (3), and it was noted that Workforce (3) had now been finalised and there were no issues to flag.

It was noted that the Creditors and Debtors and General Ledger reports should be issued before Christmas.

Dennis Jones queried whether the recommendations made by Finnamores were being taken forward and it was agreed that Mike Gennard and Shauna Mallinson would check that this was being done.

***Action:** Mike Gennard & Shauna Mallinson to check that recommendations from Finnamores were being taken forward.*

Mike advised that any recommendations which were felt to be not fully implemented, even if they had been closed, would be reiterated.

Finally, the Committee were advised that a potential Red/Amber report relating to Junior Doctors and the EWTD would be included in the February 2012 report.

The Committee **NOTED** the report.

2011.105 Recommendation Tracking

The Committee received the "improved" Recommendation Tracking report for information, and it was noted that there were currently 6 Category A recommendations; 12 Category B recommendations; and 11 Category C recommendations outstanding. 24 recommendations had been closed since the last Audit Committee.

Julia Clarke thanked Clare Jowett and Marie Devitt for their hard work on Recommendation Tracking and producing the report. The Committee were advised that the Executive Directors had received recommendations from their areas to monitor.

it was pointed out that there were a number of outstanding recommendations relating to Information Governance (26.10/11) and it was agreed that Chris Benham would pick this up at the next team meeting.

***Action:** Chris Benham to pick up outstanding Information Governance (26.10/11) recommendations at team meeting.*

The Committee **NOTED** the report.

2011.106 Annual Governance Statement

Julia Clarke presented the requirements of the new Annual Governance Statement for information and it was noted that this would replace the Statement of Internal Control, albeit with little implication for established practice.

The Committee **NOTED** the paper.

2011.107 Losses & Special Payments

Chris Benham presented details of Losses and Special Payments for information and it was noted that an Employers Liability settlement of £33,000 had been received from the NHSLA in October 2011.

Drug Stock write-off remained high and the Committee asked that this be monitored closely.

There had been a £74,000 bad debt write-off relating to an overseas patient, although £58,000 had been written back from an overseas patient insurance policy payment.

The Committee **NOTED** the report.

2011.108 Debtors & Creditors

Chris Benham presented details of Debtors & Creditors for information and it was noted that lengthy discussions had been held with North Staffs regarding the delayed payment for Cystic Fibrosis Services. It was noted that this issue should be resolved early 2012.

The Committee **NOTED** the report.

2011.109 Expenditure over £100K

The Committee received details of expenditure over £100k for the period September – November 2011 for information.

The Committee **NOTED** the report.

2011.110 Standing Financial Instructions and Standing Orders Waived

The Committee received the Single Source Arrangements for the period 1 May 2011 – 30 November 2011 for information and it was noted that MS drugs continued to appear on the list.

Dennis Jones queried the information relating to telecommunications project management and it was noted that this related to the Switchboard upgrade and Chris Benham advised that this had been provided by Mitel to support the upgraded system.

The Committee **NOTED** the report.

2011.111 Any Other Business

Chris Benham advised the Committee that the electronic tender specification documents for the Internal Audit and Counter Fraud Services had been drafted and reviewed by Julia Clarke, Dennis Jones and Neil Nisbet. Three companies had applied and interviews and presentations would be scheduled during January 2012 in time for continuity of audit service into 2012/13. It was expected that the Trust Chairman would also participate in the appointment process.

2011.112 Date of Next Meeting

Thursday 9th February 2011, at 9.30 am in Syndicate Room 6, SECC, RSH.

It was agreed that there was no issues to justify a private meeting between NEDs and Auditors.

AUDIT COMMITTEE MEETING

Thursday 15 December 2011

Syndicate Room 6, SECC, RSH

ACTIONS

Minute	Action	By Whom
2011.98 – Matters Arising	<u>2011.89 – Losses & Special Payments</u> To feedback on findings regarding expired stock.	Chris Benham
2011.100 – Board Assurance Framework Review	<u>2011.100 .02 – Director of Quality & Safety Risks</u> To arrange for update from Quality Performance Group to be received at future Audit Committee meetings. To liaise with Clare Jowett to update BAF Action Plans.	Neil Nisbet Vicky Morris & Dr Fraser
2011.101 – Board Assurance Framework	To check with risk owners that entries on BAF were up to date and ensure that other Directors would be invited to present their risks to the Audit Committee.	Clare Jowett
2011.102 – Corporate Risk Register	To invite Rob Law & Ewan Craig to February Audit Committee.	Marie Devitt
2011.103 – External Audit Progress Report	To produce prior year and current year adjustments briefing paper.	Chris Benham
2011.104 – Internal Audit Progress Report	To pick up Data Quality (1) recommendations with Andrew Stenton and invite him to February Audit Committee. To follow up issues relating to PRH safe. To check that recommendations from Finnamores were being taken forward.	Julia Clarke Chris Benham Mike Gennard & Shauna Mallinson
2011.105 – Recommendation Tracking	To pick up outstanding Information Governance (26.10/11) recommendations at team meeting.	Chris Benham