

SUMMARY REPORT		South Tees Hospitals  NHS Foundation Trust
Board of Directors		Date of meeting 31 st May 2016
Subject	Confirmed minutes of audit committee meeting held on 20 August 2015	
Prepared by	Mr David Kirby Audit Committee Chairman / Non-Executive Director	
Approved by	Audit Committee	
Presented by	Mr Richard Carter-Ferris	
Name of meeting considered/approved by	Audit Committee for approval, followed by Board of Directors for information.	

Purpose: The purpose of this report is to present the approved minutes of the Audit Committee to the Board of Directors.	Decision	
	Approval	
	Information	●
	Assurance	●

Executive Summary

The Committee considered matters in accordance with its business plan and confirms to the Board as to the matters considered at the Audit Committee and provides assurance that appropriate actions have been taken.

Next Steps

Audit committee reviews and follows up on actions as appropriate

Supports Trust Strategy Map in the following areas							
quality & patient safety		business sustainability		operational excellence		organisational capability	
deliver integrated care		improved cost control	●	improved patient flow		improved information	●
forefront of clinical innovation		increased productivity	●	improved innovation processes	●	continuous service improvement culture	●
specialised services development		increased revenue & market share		strong governance & risk management	●	workforce development	
service quality and safety	●	enhanced services	●			strong partnerships & engagement	●

If a key risk(s) has been identified, please describe below

**UNCONFIRMED MINUTES
OF THE AUDIT COMMITTEE MEETING
HELD ON WEDNESDAY 20 AUGUST 2015
AT 9:30 AM
IN THE BOARD ROOM,
THE JAMES COOK UNIVERSITY HOSPITAL**

PRESENT

Mr D Kirby	-	non-executive director (outgoing committee chair)
Mrs A Hullick	-	non-executive director
Mr H Lang	-	non-executive director
Mr R Carter-Ferris	-	non-executive director (incoming committee chair)

IN ATTENDANCE

Miss K Douglas	-	Senior Manager – PwC
Miss Y Dunleavy	-	Senior Secretary
Mr G Thompson	-	Assistant Director of Audit – Audit North
Miss A Foster	-	Secretary Support
Ms R James	-	Director of Quality
Mr C Newton	-	Director of finance and performance
Mrs M Rutter	-	Non-executive director
Mr B Simpson	-	Head of financial governance and control
Mr P Moran	-	Director - KPMG

Mr Kirby introduced Mr Richard Carter-Ferris, newly appointed non-executive director, to the Committee. Mr Kirby will step down as Audit Committee Chair and hand over to Mr Carter-Ferris on 1 October 2015. Mr Kirby will arrange for Mr Carter-Ferris to meet with the internal and external auditors privately.

1	<p>APOLOGIES FOR ABSENCE</p> <p>Professor Hart, Chief Executive Mrs M Hewitt-Smith, Deputy Director of Finance Gregg Wilson, Partner, PwC</p>
2	<p>MINUTES / NOTES OF PREVIOUS MEETINGS</p> <ul style="list-style-type: none"> • Notes of the meeting held on 20 May 2015 <p>Action:</p> <ul style="list-style-type: none"> • Minutes of previous meeting were agreed with amendments to the following sections. • 7.1 – duplicated paragraph – paragraph 6 to be deleted. • 7.6 – omitted word – paragraph 1 insert Trusts after NHS Foundation. <ul style="list-style-type: none"> • Minutes of the meeting held on 26 May 2015 <p>Action:</p> <ul style="list-style-type: none"> • The minutes were agreed and accepted as a true and correct record.

- **Notes of a Joint Planning Workshop of Quality Assurance Committee and Audit Committee held on 9 June 2015**

Action:

- The notes were agreed and accepted as a true and correct record.

3 MATTERS ARISING FROM THE 20 MAY 2015 MEETING, NOT INCLUDED ON AGENDA

- **Matters arising**

Ruth James said she was going to discuss patient involvement in the clinical audit process with Richard Wight and update the Committee at the next meeting.

Action:

- Ruth James to update the Committee at the next meeting.

- **Action Plan**

The action plan would be updated to reflect decisions taken at the meeting.

4 AUDIT COMMITTEE BUSINESS PLAN

Mr Kirby stated that contributors of reports to the meeting could assume members had read reports and therefore present accordingly. This did however require reports to be sent out in good time and to facilitate this part of the purpose of the Business Plan was to inform attendees and contributors to meetings of upcoming agenda items. In order to complete this process he had agreed with Mr Carter-Ferris that following each meeting the minutes, action sheet and agenda based on the Business Plan would be circulated to ensure adequate report preparation time for the next meeting.

4.1 Review the development and maintenance of the process to provide regular updates to the Board on progress with Trust's objectives

Ruth James summarised the key points.

Chris Newton said that from September the directorate plan will be more detailed and by December the revised plan will be available.

Mr Kirby queried the self-assessment of progress by the executive team members as to whether this was subject to challenge. Ruth James said the transparency of the process enables that to happen and that future reports would also identify where progress with each objective is monitored.

Action:

- The Committee noted the introduction of the process and developments to provide the Board with updates and assurance on progress with Trust objectives.

4.2 Review the process for developing and maintaining the assurance framework, sources of assurance and the process for managing principal

risk/review findings of other significant assurance functions

Kelly Douglas went through the paper summarising the approach adopted and outlined the assurance process used by PwC expanding on the defence lines within an organisation. An internal Workshop to populate the draft assurance map shown in the Report is to be held on 3 September 2015.

Mrs Hullick queried the lines of defence required and asked if there could be an extra column for the level of risk.

Mr Carter-Ferris asked can this indicate whether action is needed based on the risk likelihood and consequence.

Mr Kirby referred to the ToR requirement for the Committee to review the findings of any significant assurance function both internal and external to consider the implications for the governance of the Trust. This would refer to such findings that were not as a matter of course reported to the Audit Committee. Following discussion the Committee agreed that such findings (as in the case of the Deloitte Governance Review and the CQC inspection) would be reported directly to the Board or reported to the Board via the Committee structure. In such cases it would be for the Audit Committee Chair to raise with the Board as to any assurance it wanted the Committee to provide.

Action:

- The Committee noted the report and supported the approach taken to develop an integrated system of assurance.
- The Audit Committee Chair to raise with the Board any additional assurance required at the time of the report to Board.

4.3 Review the systems and process for the evidence compiled to demonstrate fitness to register with CQC

Ruth James updated the Committee. She stated she had met with CQC regarding their recommendations and expectations.

Mrs Rutter said that extra processes have been put in place and QAC sub-groups are responsible for individual actions.

Action:

- The Audit Committee noted and supported the strengthening of the assurance process and noted that the proposals made were to be discussed by the Executive Team.
- Ruth James to update Committee on progress at a future meeting.

4.4 Review statement on trust compliance policies

Ruth James presented the paper to the Committee. She informed the Committee that policies and processes are constantly being reviewed and updated and the delivery of actions from the governance review and CQC action plan would further strengthen the position.

Assurance mapping of compliance would be picked up within the Assurance Mapping Workshop to be held on 3rd September.

Action:

- The Committee noted the statement on trust compliance policies.

4.5 Whistle blowing arrangements to be reviewed

Ruth James presented the paper which described the current processes for concerns to be raised and the plans to strengthen these with an email address and phone line which staff can use to raise concerns. The Trust has regular meetings with CQC and any issues raised directly with them about the Trust are raised. Internal research showed that staff felt empowered to raise concerns although some staff would be more likely to raise a concern if this could be done anonymously

Mr Kirby considered that the raising of concerns should have a clear process for the Board to be aware of concerns raised and to be assured of outcomes.

Mr Lang commented that the informal route must be working if the formal whistle blowing process not generally being used.

Mrs Rutter pointed out that following the Francis enquiry further development was taking place and there was a need to see what other Trusts and NHS England have in place.

Mr Kirby said this was an ongoing matter for consideration at the Board.

Action:

- The Committee noted that the Trust had a process in place which was subject to ongoing development in the light of national considerations.

4.6 Review the system and process relating to duty of candour

Ruth James presented the Report which the Committee considered complemented the Report on Whistleblowing.

Action:

- The Committee noted the report.

4.7 Review the work of other committees

Ruth James presented the paper and the Committee agreed that the development of the Assurance Mapping Process would further enable the discharge of this requirement.

Action:

- The Committee noted the report.

5. EXTERNAL AUDIT

5.1 KPMG Introduction

Paul Moran gave the Committee an introduction to himself and KPMG. KPMG will meet with PwC to ensure there are no matters overlooked between PwC ending their term as External Auditors and KPMG taking over.

Paul Moran informed the Committee the external Audit Plan will be presented to the next meeting and will be in place before Christmas.

Mr Kirby said KPMG should also present the Plan and introduce themselves to the Council of Governors at its next meeting.

Action:

- KPMG to present plan at next meeting.
- KPMG to present plan to next Governors meeting.

6. INTERNAL AUDIT – PwC

6.1 Review internal audit plan against assurance framework

Kelly Douglas ran through the draft 15/16 plan and explained that this was the plan submitted as part of their bid for the internal audit contract. The plan is currently being discussed with executives in the normal way and a final plan will be presented to the next meeting.

In response to members questions Kelly Douglas confirmed that the plan would take account of the 14/15 delayed/cancelled audits and the 14/15 audits completed by Audit North but not yet considered by the Committee.

Action:

- The Committee noted the report.
- Kelly Douglas to present Internal Audit Plan to the next meeting.

6.2 Assurance Statement for 2014/15 – cancelled/delayed audits

The report was presented the Committee. The audits will be reviewed as part of the 15/16 Plan.

Action:

- The Committee noted these audits will be reviewed as part of the 15/16 plan.

6.3 Audit North final audits 2014/15

Mr Kirby confirmed that this report had been postponed to the next meeting to allow final comments to be gathered and will be considered in conjunction with the 15/16 plan.

Action:

- The Committee noted that these audits will be considered in conjunction with the 15/16 plan.

7. LOCAL COUNTER FRAUD – AUDIT NORTH

7.1 Counter Fraud Progress Report to 31 July 2015

Graham Thompson informed the Committee that the Standards Review Toolkit (SRT) had been completed and provided to NHS Protect. The submission

was ranked green overall. In regard to the 8 standards rated as amber he is to meet the DoF to discuss these.

There have been no significant issues regarding fraud.

Following queries from the previous meeting:

- In respect of creditor and payroll matches Brian Simpson gave assurance re fiscal services being used by ELFS. This is a software based system providing reports that ELFS use to identify potential problems with invoices due for payment. They also have a contract with a company to review invoices already paid as a second check.
- In respect of issues where fraud is not found or not pursued and the matter referred to HR the Committee resolved to consider at its next meeting how it wished such items to be reported.

Action:

- The Committee noted the report.
- Audit North to report back on amber standards
- The Audit Committee to resolve reporting requirement on HR referrals

8. ANY PROPOSED CHANGE TO STANDING ORDERS, STANDING FINANCIAL INSTRUCTIONS AND SCHEME OF DELEGATION

Brian Simpson reported he is to undertake full review and this will be presented at November meeting.

Action:

- Brian Simpson to present report at next meeting

9. CHANGES IN CAR PARKING CHARGES

Brian Simpson presented the paper and informed the Committee that the amount shown in the narrative but not the compilation of the accounts was overstated in 13/14. There had been no losses in car parking fees and income had gone up in 14/15.

Action:

- The Committee noted the report.

10. SCHEDULE OF LOSSES AND SPECIAL PAYMENTS

Brian Simpson presented the paper which identified the total amount paid for special payments and losses amounted to £200,000.

The committee reviewed the list and discussed the sharps injury claims. Brian Simpson highlighted the fact that while warning signs would not prohibit claims it would help reduce incidents. The Trust needs more work on investigations to better determine the reasons for the incidents and Health and Safety are trying to improve the investigations.

Brian Simpson informed the committee that there was potential scope to recover

amounts from subcontractors if it could be shown that the incident arose from negligence in maintenance, and this was actioned by NHSLA.

Action:

- Brian Simpson to provide the Committee with a breakdown of incidents and to report claims levels in future meetings

11. ANY OTHER BUSINESS

None.

12. NEXT MEETING

Thursday 19 November 2015 at 9.30am
Venue to be confirmed.