

SUMMARY REPORT		South Tees Hospitals  NHS Foundation Trust
Board of Directors		Date of meeting May 31 st 2016
Subject	Confirmed minutes of audit committee meeting held on 19 November 2015	
Prepared by	Richard Carter-Ferris Audit Committee Chairman / Non-Executive Director	
Approved by	Audit Committee	
Presented by	Mr Richard Carter-Ferris	
Name of meeting considered/approved 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
To inform the Board as to the matters considered at the Audit Committee and provide 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 THURSDAY 19 NOVEMBER 2015
 IN MEETING ROOM 1,
 THE JAMES COOK UNIVERSITY HOSPITAL**

PRESENT

- Richard Carter-Ferris - non-executive director (committee chair)
- Amanda Hullick - non-executive director
- Hugh Lang - non-executive director

IN ATTENDANCE

- Maxime Hewitt-Smith - Director of Finance
- Kelly Douglas - Senior Manager, PwC
- Greg Wilson - Partner, PWC
- Yvonne Dunleavy - Senior Secretary
- Graham Thompson - Assistant Director of Audit to Counter Fraud Manager,
Audit North
- Ruth James - Director of Quality
- Maureen Rutter - Non-executive director
- Brian Simpson - Head of financial governance and control
- Paul Moran - Director – KPMG
- Arlene Atkinson - Manager-KPMG
- Gill Hunt Director of Nursing
- Liz Harvey Emergency Planning & Resilience Manager

1	<p>APOLOGIES FOR ABSENCE</p> <p>None received.</p>
2	<p>MINUTES / NOTES OF PREVIOUS MEETINGS</p> <p>Minutes of previous meeting were agreed with the following amendment.</p> <p>Greg Wilson’s name was spelt incorrectly.</p>
3	<p>MATTERS ARISING FROM THE 20 AUGUST 2015 MEETING, NOT INCLUDED ON AGENDA</p>
3.1	<p>Matters arising</p>
3.2	<p>Action Plan</p> <p>The action plan would be updated to reflect decisions taken at this meeting.</p>
4	<p>AUDIT COMMITTEE BUSINESS PLAN</p>
4.1	<p>Review systems of financial reporting to the Board</p> <p>Agreed to bring to March’s meeting. Action DoF / IA</p>

4.2 Review of the process for developing and maintaining plans for emergency preparedness and business continuity

GH introduced LH, Emergency Planning & Resilience Manager. GH presented the report to the committee. The report provides an update on emergency preparedness and business continuity planning. AH asked if the military get involved, LH responded that yes they do get involved. LH informed the committee that the Trust recently took part in a multiagency exercise where the scenario involved a chemical plume. HL raised the question did we carry out these exercises across the Trust. LH responded that FHN do not have decontamination facilities. GH informed the committee that we are going to carry out evacuation exercises at different locations. LH stated that as part of our statutory responsibility under the Civil Contingency Act the trust must undertake a live exercise every 3 years and plans were being developed to carry out an evacuation at James Cook. MR came to the Audit Committee meeting to ensure the right processes were in place and she will follow up the detail of the EPRR agenda through Quality Assurance Committee.

4.3 Review the system and process for staffing levels

GH presented the paper detailing the systems and processes within South Tees to determine safe staffing levels in line with national expectations. It also outlines the assurance process in place for nurse recruitment and identify fraud.

AH raised the point that CQC had indicated issues with staffing levels. However, they had not witnessed any instances where this had affected patient care or safety.

AH asked should we reflect in the staffing report what the CQC are saying. RCF requested we go back and get clarification. HL asked where do we sit, is there some analysis nationally. GH responded that we are above the threshold and 9 out of 10 Trusts failed last year. Our Trust was middle of the pack.

RJ informed the Committee the meeting on Thursday would be looking at staff issues.

AH asked what can we do to help and is this on Audit plan.

GH said we need to know what the plan will look like in 5 years. We are managing current shortfalls by bringing small groups from Romania and Portugal 7 out of 10 staff are staying but cannot recruit on a permanent basis until after 1 year. New recruits are also coming from Spain.

Action – GH to update August AC

4.4 Review the system and process for Monitor declarations

MHS presented the report to Committee. MHS stated the report was self-explanatory. AH asked if the report was going to be presented to Finance and Investment Committee. MHS stated it would be presented at the December meeting.

Committee noted the report

4.5 Review the system and process for assessing and identifying risk to the financial sustainability of services

MHS presented the report to the Committee and the areas for improvement have been highlighted. GW stated they are working with local authorities.

4.6 Review the system and process to ensure effective governance arrangements

RJ presented the report to the Committee. This report is an updated report that was brought to the Committee last year. The Trust will be speaking to Monitor next week.

Committee noted this

4.7 Review the assurance that can be gained from the clinical audit process

RJ presented the paper to the Committee. The paper was to inform the Committee of the processes in place for clinical audit and how these provide assurance.

The Committee accepted the paper.

5. External Audit – KPMG

PM reported to the Committee they were on site this week and have been having discussions with PwC. They would present a final version when everything was concluded.

AH asked about the Quality Account Guidelines, why is it late and what is still to be audited. Are there any changes or is it the same structure. RCF asked when does the Quality Report come out. RJ replied that 18 week way pathway and A&E are still to be audited and she was not aware anything has changed. GW replied the Quality Report needed to be more concise/format change.

AA presented the report to the Committee.

AH raised the question on page 4 of the charity audit committee the report needs to reflect the report needs to go to the Additional Resources Committee (ARC). MR asked what is the connectivity between ARC and Audit Committee. HL responded trust accounts go to Audit Committee then to ARC. MHS needs to check ARC terms of reference. RCF stated the charity work needs to be put to bed as soon as possible.

PM when through the audit risk key on page 6 and other provisions which is indicated pink high audit risk should be grey other audit risk. GW stated there was a big debate over VAT and PFI. MHS stated we were late in submitting everything because of the Quality Report and we need to have separate plan for next meeting.

6. Internal Audit - PwC

6.1 Internal Audit Progress Report

KD updated the Committee on the progress against the 2015/16 internal audit plan and informed the Committee that PwC were meeting with Audit North today (19th November).

GW stated that red issues that are not relevant have been taken off the list. RCF stated that anything 2 years old that haven't been done should never have agreed to do. AH stated that basic things should have been done and do not understand why they are still outstanding. RCF said everything should be clean out by year end. MHS and KD have been through everything. GW will pick up and close out.

RCF requested that this needs to be brought to the March meeting.

6.2 Internal Audit Plan 2015/16

KD presented the 2015/16 Internal Audit Plan to the committee and drew attention to page 12 key changes. AH asked if the CEO had seen the Audit Plan, MHS responded CEO had seen draft plan. AH also mentioned that we do not seem to get

through the plan because of changes. RCF asked IA to confirm what is mandatory. HL asked what are the concerns/areas. AH stated there was a fundamental change due to the restructure and the Trust is only half way through this.

RJ stated she was comfortable with the audits that were for her area. Regarding the Terms of Reference RJ and GW are meeting today (19th November). MHS stated she has spoken to auditors and had taken out all centre related information.

MHS and RJ are to meet with PwC to remove and add reviews

RCF stated we need to agree actions with realistic timescales and also requested IA to update the plan for the next meeting

6.3 Review Internal Audit/External Audit protocol

KPMG and PwC are to work together to ensure no duplication and no gaps. RCF stated he appreciated the work they internal and external auditors were doing to ensure we have no black holes, duplications between both and no gaps.

6.4 South Tees Hospitals General Charitable Fund external audit update 2014/15

GW presented the report on charitable fund. He stated it has taken a long time to get where we need to be due to the issues that had arisen around support documentation and timing of entries. He reported that some information was still outstanding and that process changes would be needed to ensure no repetition of the issues in 15/16. This will be taken to the next Additional Recourses Committee with a recommendation for process change.

GW reported that MHS and the finance team had provided additional information, testing has been done and MHS and PwC are reviewing after this meeting. Update would be provided to ARC.

7. Local Counter Fraud – Audit North

7.1 Progress Report/Update on SRT amber standards

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7.2

GT presented the report to the Committee. He informed the Committee that there will not be an inspection this year. The next inspection will be September 2016.

GT reported that there had been a poor response to the Counter Fraud Staff survey issued in May 2015. He stated the Trust need to increase publicity campaign in conjunction with communications and devise a general and targeted survey to measure staff's knowledge. Targeted areas to be Corporate Services, HR, Procurement and Finance. HL stated completing the survey was not mandatory. MHS responded that the Trust should think about it being mandatory and all finance staff should have completed it. BS identified areas at risk.

GT informed the Committee that a presentation would be delivered in late November on counter fraud to procurement staff covering pre contract and procurement fraud, bribery and corruption. Bill Todd, Head of Procurement and Asset Management to confirm date.

GT reported to the Committee of significant fraud related issues and counter fraud successes including comparative and anonymised information available from out other clients and other external points of interest.

GT reported that to date there has been no matters arising requiring criminal investigation, however eight issues have been shared with HR colleagues for consideration. AH asked if it is a timing issue with staff returning to work. GT stated

if staff realised the data gets matched and what the consequences if they are found out would this be a good prevention. HL asked who finds out in this first place. GT stated that all data is uploaded and matches come out of it. RCF asked is there any underlying trends at other trusts that we need to know about. GT stated nothing really the number of matches has become less over the years. GT informed the Committee the Trust has no referrals and it was just for information.

GT informed the Committee there was no penalties for amber rating and asked the Committee if there were comfortable being amber. RCF stated he would like to see 3.5 to be green.

7.3 HR referrals reporting process

This paper was presented for reference purposes showing the Trust have followed up the two cases and has now closed the cases. GT was comfortable with Andrew Thacker's response. Committee noted that the case referrals had been closed.

8. Any Proposed Changes to Standing Orders SFI's and scheme of Delegation

RCF asked if these documents needed approving by the Committee today due to the lateness receiving.

The documents were going to the Additional Resources Committee in December and then would be going to Board. BS agreed to circulate to AC members' for review ahead of board

9. Schedule of Losses and Special Payments

BS presented the report to the Committee. The report provides a summary of the losses and special papers disclosed in the financial statements of the Trust in 2014/2015.

RCF asked how do we make sure we get cash. MHS responded the overseas visitors guidance has strengthening and improving processes in place.

10. ANY OTHER BUSINESS

None

11. NEXT MEETING

9am on 9 March 2015

Board Room, Murray Building