

**UNRATIFIED MINUTES OF THE AUDIT
COMMITTEE HELD ON MONDAY 13
SEPTEMBER 2010 AT 2:00PM IN SEMINAR
ROOM 2, EDUCATION CENTRE, THE
CUMBERLAND INFIRMARY, CARLISLE**

Present: Mr M Bonner, Non Executive Director (acting Chair)
Mr P Day, Non Executive Director
Mrs J Cooke, Non Executive Director

In Attendance: Mr M Little, Trust Chairman
Mrs R Duguid, Company Secretary
Mrs C McAdams, Head of Internal Audit
Ms H Green, Audit Commission
Mr E Gardiner, Associate Director of Finance
Mrs J Lynch, Office Manager (minute taker)

AC59/10 WELCOME AND APOLOGIES FOR ABSENCE

Mr Bonner welcomed everyone to the meeting and explained that Mr Evens had asked Mr Bonner to chair this meeting in his absence. The committee sought the advice of the Company Secretary as to the legality of this request, as Mr Bonner was the Trust Vice –Chairman. Mrs Duguid confirmed that this would be satisfactory as it was not a regular occurrence.

Apologies for absence were received from Mr M Evens, Mr A Mulvey, Ms C Heatly and Ms J Bellard.

AC60/10 MINUTES OF THE PREVIOUS MEETING

The minutes were agreed to be correct, with the following amendments

Page 6, minute point AC55/10: Mrs McAdams requested the sentence in paragraph 2 “ Mrs McAdams informed members that the LCFS days would be affected and could affect the ability to score” be amended to read” Mrs McAdams informed members that the LCFS days would be affected and could affect the quality assessment return”.

Page 8, minute point AC 56g/10: Mr Gardiner clarified the reasons behind the delays relating to the claims.

AC61/10 MATTERS ARISING AND ACTION PLAN

The matters arising and action plan were **NOTED** as follows:

AC006.1/10 Complete - Mr Gardiner informed members that the Trust was currently going through a validation programme relating to the assets at both sites. It was anticipated that everything would be validated by year end.

AC54a/10 Complete. Mrs McAdams had amended the dates on the report.

AC54b/10 Ongoing – Mr Mulvey to be asked to do a formal note at the December meeting on the Internal Audit Consortium arrangements.

AC56f/10 Complete – Ms Green verbally updated members on the information relating to IAS18. She stated that there was internal guidance that she would share with finance staff. She further stated that IAS18 was primarily based on agreement between parties on what the income was to be used for, and the information relating to this was looked at on a case for case basis. Mrs Green informed members that if they had any concerns then they could seek advice from External Audit.

AC62/10 PROGRESS ON AUDIT COMMITTEE ANNUAL CYCLE OF WORK

Mrs Duguid presented the report on the Audit Committee annual cycle of work, which updated members on the current status. Mrs Duguid asked members to note items 2.1 and 5.3.

In relation to item 2.1 Mrs Duguid informed members that she requested the action date be moved to January 2011, to allow for the work to be finalised and Internal Audit to do their work on this. Mr Little questioned the information relating to the background of point 3.1 as he felt it was not grammatically correct. Mrs Duguid agreed to relook at the wording of that action point.

In relation to item 5.3 Mrs Duguid informed members that the Trust was currently looking at the work of the Clinical Audit function, and that this would be reported on in the future.

Action: Audit Committee Annual Cycle of Work:

Mrs Duguid to re-look at action point 3.1 to check the grammatical content of the information.

AC63/10 **FINANCE**

a) **Private Patient Pricing Policy**

Mr Gardiner informed members on the outstanding internal audit recommendation relating to the Private Patient pricing. The report detailed the structure of the new pricing tariff for self paying Private Patients, and explained the history behind the current tariff and how the new tariff had been calculated.

Mrs McAdams informed members that the pricing should be reviewed on an annual basis. Mr Gardiner replied that the Trust was now in a position to be able to do this.

Mr Day questioned how the Trust had used comparisons to other Trusts regarding their charges. Mr Gardiner informed members that he had had great difficulty in obtaining comparisons from other Trusts, as that was private work pertaining to their individual Trusts. Mr Gardiner further went on to report that in relation to the reference costs, the pricing covered the whole of the cost, from admission to discharge.

Mr Day questioned the need to review and decide when costs required increasing. Mr Gardiner informed members that at year end, the income and expenditure would show if the charges were having the desired impact.

Mrs Cooke questioned the reporting mechanism for the Private Patients income and it was agreed that an update report should be presented to the Finance Committee after the end of the current financial year.

Action: Private Patient's pricing policy:

An update report to be presented at the end of the financial year to the Finance Committee on the Private Patient I&E position.

AC64/10 **EXTERNAL AUDIT**

a) **External Audit Briefing and Progress Report**

Ms Green updated the Audit Committee members on the progress made in delivering the external auditor responsibilities for the Trust. The key points were noted:

- Value for Money Conclusion: This had not been issued prior to this meeting due to the ALE review process that had been ongoing at the time Ms Green had wrote this report. The ALE score has

remained at level 1 and therefore the Value for Money conclusion would be qualified now and presented to the next Audit Committee

meeting. There would also be a detailed report on the ALE assessment at the next meeting.

- Ms Green informed members of the proposed abolition of the Audit Commission in 2012/13, following the announcement from the Secretary of State for Communities and Local Government. Ms Green stated that the Trust should not see any difference in the work being undertaken on behalf of the Trust but that Ms Green would keep the Audit Committee members updated.

The committee members held a discussion relating to the outcomes of the proposed abolition and the potential effects on the work undertaken by the Audit Commission.

- Mrs Duguid questioned, in relation to the key considerations, if the Trust had received the 'framework for managing staff costs in a period of spending reduction' document. Mr Gardiner informed members that he had received the document and was in the process of addressing the information within the document.
- Mr Bonner informed members that in relation to the key considerations, the Audit Committee Annual Report 09/10 should demonstrate that assurance is given.

The report was **noted**.

AC65/10 INTERNAL AUDIT

a) Internal Audit Progress Report

Mrs McAdams apologised to members with regards to the Ascribe Pharmacy System report, and tabled a new report, which had been amended. The verbal content of the report was the same; the report numbering system had been found to be incorrect.

Mrs McAdams informed members that the sickness problem within the department had not affected the work for the Trust, but she could not rule out that it may affect work being done later in the year.

Mrs McAdams then went on to inform members of the report in detail. The following key points were noted:

- The cover sheet of the report had the wrong follow up reports in the wording. The correct follow up reports were named on page 1 of the actual report. Follow up reports had been issued on Medicines Management and Private Patients, and draft reports had been issued on Professional Registration, IT Business Continuity and Disaster recovery and Residential Accommodation.

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- Mrs McAdams apologised to members as the CIPFA consultation document “The Role of the Head of Internal Audit” had not been circulated to members, although the report stated it had. Mrs McAdams to discuss the report with the Director of Finance and then send out the report to members with a covering note.
 - Mrs McAdams discussed the Audit workplan with members and discussed in detail the following areas:
 - Information Governance Independent verification: Due to the change in the national timetable for this work, there will be slippage in the workplan for the audit of this work, and it may not be reported to the next Audit Committee meeting.
 - Medical Staff revalidation: It was expected that the work on this area would not take place due to the national project still being piloted, with roll out to the rest of the NHS not being expected until the next financial year. Mrs McAdams to speak to the Director of Human Resources to confirm this, as the audit dates could be re-allocated to other work.
 - Deep Cleaning: The work planned was cancelled by the Director of Estates and Facilities to allow more time on other work being undertaken by Internal Audit. Audit Committee members were very concerned regarding the cancellation of this work due to the Trusts statutory obligations to regularly deep clean specific areas of the hospital, whilst working reactively to other requests for deep cleaning of areas. Mrs Duguid to pick this up with the Director of Nursing and the Director of Estates and Facilities to ensure the Trust is undertaking the deep cleaning programme
 - Ascribe v9 Pharmacy system – Application review: Mrs McAdams reported in detail the findings of the report. The Committee expressed their concern that there were 21 recommendations from the report to be addressed. Mrs McAdams stated that she felt the system could be retrieved and used correctly, with close management of the system. Mr Day expressed his concern that the supplier was wanting to move the Trust to v10 of the system, when v9 was failing to deliver, and the Trust had a number of unanswered concerns from the company. Mrs Duguid agreed to take the Audit Committee concerns regarding the system to the Divisional General Manager for that area and request that they look into the 21 recommendations from the Internal Audit report. The Audit Committee also agreed that the recommendations not be included onto the outstanding audit actions list until the Division had had a chance to report back.
 - Medicines Management Report: Mrs McAdams reported that she had had to reduce the assurance for this report from significant assurance to limited assurance, due to the concerns within the report. Mrs McAdams also requested that some of the outstanding actions be re-instated onto the outstanding audit actions list. The report was discussed in detail and Audit Committee members

expressed their concern relating to areas of training not being evidenced, and therefore not proven. Mrs Duguid agreed to look into this issue.

- Private Patients Report: Mrs McAdams reported that since this report had been done, Mr Gardiner had done a lot of work on the private patient's issues and some of the recommendations in the report had been completed, so there was a need to revisit the recommendations. Mrs Duguid requested that this be done before being added to the audit committee outstanding actions list. Mr Gardiner requested that this be undertaken by the operational managers and would pick this up with Mrs Duguid and Mr Clarkson.
- Mr Bonner requested that Mrs Duguid put anything emerging from these reports onto the risk register, if deemed necessary.

Action: Internal Audit Progress Report

- a. Mrs McAdams to discuss the CIPFA consultation document "The Role of the Head of Internal Audit" with the Director of Finance and then to circulate the report to Audit Committee members with a covering note.
- b. Mrs McAdams to confirm with the Director of Human Resources regarding the potential cancelling of the planned audit work on the Medical Staff revalidation.
- c. Mrs Duguid to pick this up the issue relating to deep cleaning within the hospital with the Director of Nursing and the Director of Estates and Facilities to ensure the Trust is undertaking the statutory deep cleaning.
- d. Mrs Duguid to raise the Committee's concerns regarding the Ascribe system to the relevant Divisional General Manager and request that they look into the 21 recommendations from the Internal Audit report.
- e. Mrs Duguid to look into the issue of non evidenced medicines management prescriber training for relevant staff.
- f. Mr Gardiner to discuss with Mrs Duguid and Mr Clarkson the management of the outstanding actions for the private patients report.
- g. Mrs Duguid to ensure that she placed any risks from the reports onto the risk register, if deemed necessary.

AC66/10 LOCAL COUNTER FRAUD SPECIALIST (LCFS)

a) **Local Counter Fraud Specialist Report**

Mrs McAdams updated committee members on the progress of counter fraud activities completed against the approved workplan.

13 days activity out of 63 days activity had been completed up to the end of August 2010. Mrs McAdams informed members that she was

looking to do as much of the work plan as possible, although noting that the plan was behind schedule due to sickness within the team. A temporary LCFS had been recruited part time to cover sickness and absence within the department and the appointed person holds full LCFC accreditation.

Mr Day questioned the payment for the additional staff as the previous Audit Committee meeting had questioned how additional staff would be paid for through the consortium. Mrs McAdams informed members that the payment was agreed as part of the SLA and each consortium member would share the costs of the additional payments, although she further stated that, due to the external work being done within the team, payment of that work may cover the expense of the temporary member of staff.

Mr Little questioned where the 63 days work had been derived from. Mr Bonner explained that nationally it was expected that we would have 130 days and because the Trust does not sign up for 130 days, it is marked down. Mrs McAdams further informed members that the decision for 63 days was risk based and she was happy with the level of days agreed. Mr Day questioned why the Trust was marked down if they and Internal Audit were both happy with the level of planned days. Mr Gardiner informed him that it was a national benchmarking system and we were unable to go against they national system. The Trust currently has a score of 2 (adequate) for Counter Fraud Services..

Mrs McAdams then gave a verbal update to the committee on a specific investigation she was currently undertaking.

The report was **noted**.

AC67/10 **ANY OTHER BUSINESS**

a). **Audit Committee Dates 2010/11 and 2011/12**

Mrs Duguid requested that she meet with the Non Executive Directors to discuss this item after the meeting, as there was the possibility that the dates for 2011/12 would be amended to reflect Trust business. Mrs Duguid would re-issue the dates for the Audit Committee meetings 2011/12 following this further meeting.

Action: Audit Committee Dates 2010/11 and 2011/12:

Mrs Duguid to re-issue the Audit Committee Meeting dates for 2011/12 once agreed with the Non Executive Committee members

b). **Audit Committee Chairman Annual Report 2009/10**

Mr Bonner informed committee members that the report had been produced by Mr Evens and himself and was being presented to the members for information purposes. The report was produced by the Audit Committee Chairman as prescribed in the Audit Committee Handbook, and would be taken to the Trust Board in October 2010 for approval.

Mr Little questioned the version of the Audit Committee handbook as he was aware of a newer version. Mrs Duguid and Mrs McAdams confirmed that the new version of the handbook had been produced but not been formally issued.

Mrs Cooke questioned the statement in paragraph 5 of page 5, as she felt that it did not truly reflect the Trust position at the time of being without a substantive Director of Finance. Mr Bonner agreed to speak to Mr Evens about changing the wording of that paragraph in the report.

Action: Audit Committee Annual Report 2009/10

Mr Bonner to discuss with Mr Evens the re-wording of paragraph 5 on page 5 to better reflect the Trust position whilst without a substantive Director of Finance

c). **Publicising of Transactions**

Mr Gardiner informed committee members, that the Trust has to now publicise all transactions over £25,000.

AC68/10 **DATE, TIME AND PLACE OF NEXT MEETING**

Thursday 2 December at 1.30pm – 4.30pm in the Boardroom Cumberland Infirmary, Carlisle

AUDIT COMMITTEE ACTION LIST MEETING SEPTEMBER 2010

DATE OF MEETING: 13/9/2010

ACTIONS OUTSTANDING

Minute Point Reference	Details of Action agreed	Action by whom	Timescale	Progress
2009				
AC006.1/10	Asset Management Audit Report Mr Mulvey to investigate the way forward with regard to asset management/rolling programme issues.	Mr Mulvey	September 2010	Complete
July 2010				
AC52A/10	Outstanding Audit Actions a. Mrs Duguid to enhance the summary sheet and include external audit recommendations in the report. b. The audit report to include external audit recommendations c. The report to have the actions that are not relevant now removed, with explanations given as to the removal.	Ramona Duguid Ramona Duguid Ramona Duguid	December 2010 December 2010 December 2010	To be scheduled for December 2010 To be scheduled for December 2010 To be scheduled for December 2010
AC54/10	Internal Audit Progress Report a. Mrs McAdams to amend the completion schedule dates on some of the reports as they had the wrong dates stipulated.	Cheryl McAdams	September 2010	Complete

ACTIONS OUTSTANDING

Minute Point Reference	Details of Action agreed	Action by whom	Timescale	Progress
	b. Mr Mulvey to look into the consortium arrangements with reference to the requirements of the Trust and report back to the committee members at the next meeting	Alistair Mulvey	September 2010. Amended date - December 2010	Report to be presented to Audit Committee Dec 2010
AC56f/10	Action: How to apply IAS 18: The Audit Commission to come back to the Audit Committee with more guidance on IAS 18	Jackie Bellard/Heather Green	September 2010	Complete – Ms Green verbally updated members on the information relating to IAS18. She stated that there was internal guidance that she would share with finance staff. She further stated that IAS18 was primarily based on agreement between parties on what the income was to be used for, and the information relating to this was looked at on a case for case basis. Mrs Green informed members that if they had and concerns

ACTIONS OUTSTANDING

Minute Point Reference	Details of Action agreed	Action by whom	Timescale	Progress
				then they could seek advice from the Audit Commission
September 2010				
AC62/10	Audit Committee Annual Cycle of Work: Mrs Duguid to re-look at action point 3.1 to check the grammatical content of the information	Ramona Duguid	December 2010	
AC63/10	Private Patient's pricing policy: An update report to be presented at the end of the financial year to the Finance committee on the income relating to Private Patients.	Eric Gardiner	Finance Committee meeting 2011	
AC65/10	Internal Audit Progress Report: a. Mrs McAdams to discuss the CIPFA consultation document "The Role of the Head of Internal Audit" with the Director of Finance and then to circulate the report to Audit Committee members with a covering note. b. Mrs McAdams to confirm with the Director of Human Resources regarding the potential cancelling of the planned audit work on the Medical Staff revalidation. c. Mrs Duguid to pick this up the issue relating to deep cleaning within the hospital with the Director of Nursing and the Director of Estates and Facilities to ensure the Trust is undertaking the statutory deep cleaning.	Cheryl McAdams Cheryl McAdams Ramona Duguid	December 2010 December 2010 December 2010	

ACTIONS OUTSTANDING

Minute Point Reference	Details of Action agreed	Action by whom	Timescale	Progress
	<p>d. Mrs Duguid the Audit Committee concerns regarding the Ascribe system to the Divisional General Manager for that area and request that they look into the 21 recommendations from the Internal Audit report.</p> <p>e. Mrs Duguid to look into the issue of non evidence based medicines management prescriber training for nurses.</p> <p>f. Mr Gardiner to discuss with Mrs Duguid and Mr Clarkson the management of the outstanding actions for the private patients report.</p> <p>g. Mrs Duguid to ensure that she placed any risks from the reports onto the risk register, if deemed necessary.</p>	<p>Ramona Duguid</p> <p>Ramona Duguid</p> <p>Eric Gardiner</p> <p>Ramona Duguid</p>	<p>December 2010</p> <p>December 2010</p> <p>December 2010</p> <p>December 2010</p>	
AC67a/10	<p>Audit Committee Meeting Dates 2011/12: Mrs Duguid to re-issue the Audit Committee Meeting dates for 2011/12 once agreed with the Non Executive Committee members</p>	<p>Ramona Duguid</p>	<p>December 2010</p>	
AC67c/10	<p>Audit Committee Annual Report 2009/10 Mr Bonner to discuss with Mr Evens the re-wording of paragraph 5 on page 5 to better reflect the Trust position whilst without a Director of Finance</p>	<p>Michael Bonner</p>	<p>December 2010</p>	