

North Cumbria University Hospitals



NHS Trust

**MINUTES OF THE AUDIT COMMITTEE HELD
ON TUESDAY 12 FEBRUARY 2012 AT 9AM IN
THE BOARDROOM, CUMBERLAND
INFIRMARY, CARLISLE**

Present: Mr M Evens, Non-Executive Director (Chair)
Mr M Bonner, Non-Executive Director
Ms J Cooke, Non-Executive Director

In Attendance: Mr E Gardiner, Deputy Director of Finance
Mrs R Duguid, Acting Director of Governance/Company Secretary
Mrs C McAdams, Head of Internal Audit
Mr W Pinkerton, Internal Audit
Mrs J Bellard, Grant Thornton
Mrs G Martlew, Grant Thornton
Mr N Mundy, Chair of Audit Committee, Northumbria Healthcare NHS Foundation Trust (Observer)

Mrs J Lynch, Office Manager (minute taker)

AC01/13 WELCOME

Mr Evens welcomed everyone to the meeting and introduced Mr Neil Mundy, Chair of the Audit Committee at Northumbria Healthcare NHS Foundation Trust, who was attending the meeting in an observing capacity. Mr Mundy thanked everyone for allowing him to attend the meeting.

Mr Evens further welcomed Mr Will Pinkerton from Internal Audit to the meeting.

Mr Evens opened the meeting by informing everyone that he was conscious that there had been a hiatus in the Audit Committee business over the past 9 months; firstly due to acquisition issues and uncertainty when the acquisition would be finalised and secondly due to the Director of Governance being on maternity leave. Mr Evens welcomed Mrs Duguid back to the committee.

AC02/13 APOLOGIES FOR ABSENCE

There were no apologies for absence noted although apologies were noted for Mr Shanahan after the meeting as he had been asked to attend other Trust business.

AC03/12 **MINUTES OF THE PREVIOUS MEETING**

With the following amendments, the minutes were approved as a correct record:

The titles for Ms G Martlew and Ms J Bellard in the attendance list to be amended to Grant Thornton.

Mr S Shanahan to be added to the attendance list.

AC04/13 **ACTION PLAN**

Please note the updated actions on the action list.

AC05/13 **MATTERS ARISING**

There were no outstanding matters.

AC06/13 **DRAFT AUDIT COMMITTEE CYCLE**

Mrs Duguid presented the Draft Audit Committee Cycle report which was accepted by members. Mr Evens informed members that he had agreed with Mrs Duguid that the report should not look retrospectively but should look forward to 2013/14. Mrs Duguid informed members that the document had been produced as a draft report and there were some gaps in the business cycle. The template from 2011/12 had been used to work from and the document worked alongside the Audit Committee Terms of Reference. Mrs Duguid informed colleagues that she would take feedback from them and that she would be discussing the document further with both external and internal audit.

Mr Bonner informed members that he felt that the document was a great starting point, even with the gaps that were showing. Ms Cooke requested that training for Non-Executive members be added to the report. Mr Evens requested that the Whistleblowing aspect be moved from September to the May meeting.

Mrs Duguid informed members that the timeframe in relation to the report would be March 2013 and that she would circulate the document to members.

The report was **noted**.

Action: Draft Audit Committee Cycle

1. Training for Non-Executive members to be added to the cycle of work
2. The Whistleblowing aspect be moved from September to May
3. The report to be finalised in March 2013 and circulated to members

AC07/13 OUTSTANDING AUDIT ACTIONS

Mrs Duguid presented the Audit Committee Outstanding Audit Actions which were accepted by members.

Mr Evens reported to members that the document was not complete at present but gave a general picture. Mrs Lynch had collated and chased individuals for the information required. Mr Evens further reported that he was concerned regarding the compilation of the document and that he felt Internal Audit should be capable of providing systems to deliver this information automatically as the current system did not work when key people were not around.

Mrs Duguid reiterated Mr Evens comments and thanked Mrs Lynch for facilitating this document. On return from maternity leave Mrs Duguid had looked at the report and felt it appropriate that members saw the report as it currently stood to show the work that had been undertaken since the document had last been presented to the committee. Mrs McAdams and Mrs Duguid had not met to do the assurance check on the report and this would take place in early March. Mrs Duguid had also discussed the report with Mrs Farrar and Mrs Farrar was meeting with the Directors in relation to the delays and slippage in finalising the actions that they were Lead Director for.

Mr Evens questioned the actions where it stated they had been superseded or were not applicable now due to the acquisition. Mrs McAdams reported that she and Mrs Duguid would check those actions when they met.

Mr Evens questioned how the process in relation to this document could be improved. Mrs McAdams reported that Internal Audit could track the recommendations through software but it would still require someone to update the information. It would save a lot of work but the Directors would have to log in to the system to update the actions. Mr Pinkerton informed members that Directors could be emailed regarding actions and they would report back to Internal Audit, who would then validate and assurance check the action. Mr Evens asked what system Northumbria Healthcare NHS Foundation Trust used and Mrs McAdams reported that they did not use Team Mate but were looking at using an electronic system. Ms Cooke and Mr Evens both stated that it would be worthwhile looking at a joint way forward for the combined Trust. Mr Bonner questioned who reported issues to the Northumbrian Audit Committee. Mr Mundy reported that Internal Audit reported to the Audit Committee on serious issues. Mrs McAdams informed members that Northumbria did not have list of all actions; only the serious issues, whereas our system had all the actions logged. Mrs McAdams further reported that it would not be possible to transfer this work to Internal Audit as there was not the resource to cover this work.

Mr Evens requested that Mrs McAdams discuss with her Northumbrian counterpart a way forward for this process as he felt that this issue was owned by Internal Audit and they needed to provide the lead on this.

Mrs Bellard questioned how External Audit issues would be fed into this process to which Mrs McAdams reported that a separate file could be created.

Mr Evens requested the following actions be undertaken in relation to this report:

- The report to be brought back to the May or April meeting following assurance check by Mrs Duguid and Mrs McAdams.
- The catch up meeting with Mr Evens, Mr Shanahan and Mrs Duguid to also include Mrs McAdams.
- Issues in the Outstanding Audit Actions to be brought to the Committee's attention and the relevant Directors requested to attend the meeting.

The report was **noted**.

Action: Outstanding Audit Actions:

1. Mrs McAdams to discuss the process for this document with her Northumbrian counterpart in relation to taking this forward
2. The report to be brought back to the May or April meeting following assurance check by Mrs Duguid and Mrs McAdams.
3. Mr Evens further requested that the catch up meeting with himself, Mr Shanahan and Mrs Duguid to also include Mrs McAdams.
4. Issues in the Outstanding Audit Actions to be brought to the Committees attention and the relevant Directors requested to attend the meeting

AC08/13

ASSURANCE PROCESS FOR QUALITY ACCOUNTS

Mrs Duguid presented the Assurance Process for the Quality Accounts report which was accepted by members.

Mrs Duguid informed members that the report highlighted what would be happening in the forthcoming weeks and would be brought back to the Audit Committee meeting in May. The report would show the role in relation to the signing of the Quality Accounts and would also have an assurance report which would add value. Mr Evens reported that he would be happy to see the assurance report.

Members discussed in detail the ownership of the Quality Accounts. Mrs Duguid informed members that the Medical Director and the Director of Nursing were key people in relation to the report with herself as part of the process in that she produced the report. Mr Evens questioned who should be the 'lead' person or if the report should be jointly owned to which Mrs Duguid reported that it was difficult to determine this; the Director of Operations also had ownership of some of the report but that in its totality the report was very much a joint production. Mr Evens expressed his concern as he felt there should be a 'lead' person for this report who had

responsibility. Mrs Duguid reported that it would be the Executive Director of Nursing and Mr Evens asked that this be made clear in the report.

Action: Quality Accounts
Mrs Duguid to show the Executive Director of Nursing as the Lead Person for this report.

AC09/13 CLINICAL AUDIT UPDATE

Mrs Duguid presented the Clinical Audit Update which was accepted by members.

Mr Evens informed members that he had found this a very helpful report but questioned how the Audit Committee would gain assurance from this. Mr Bonner reported that Mrs Duguid and the Business Units were doing a lot of work which was reported to the Governance Committee on a quarterly basis, but that he felt a half year report would supplement the assurance given. Mr Evens agreed with this level of reporting but also asked that the Chair of the Governance Committee report to the Audit Committee on all matters that the Audit Committee required assurance on. Mr Bonner agreed to discuss this with Professor Bruce and that either the Chair of the Governance Committee would attend the next Audit Committee meeting or a report would be presented. Mrs Duguid to pick this action up.

The report was **noted**.

Action: Clinical Audit Update:

1. Mr Bonner to discuss with Professor Bruce the requirement to provide assurance to the Audit Committee on all matters that the Governance Committee discussed but may require assurance by the Audit Committee.
2. The Chair of the Governance Committee to either attend the next Audit Committee or produce a report giving assurance to the Audit Committee – Mrs Duguid to pick up this action

AC10/13 EXTERNAL AUDIT PROGRESS REPORT

Ms Bellard presented the External Audit Progress Report which was accepted by members.

Ms Bellard informed members that the report showed the current position of the audit work but that this was work that was on-going.

Mr Evens questioned the link in the document as he had not been able to get the link to work. Ms Bellard agreed to send hard copies of the Grant Thornton Governance document to Mrs Lynch for circulation.

Mr Evens asked if, in relation to the auditing of the accounts, areas of issue could be looked at ahead of the audit to which Ms Martlew reported that she had already highlighted some and would be meeting with Helena

McDonnell and John Leiper to address these. Mr Evens requested that this work included impairments.

Mr Gardiner informed members that the Trust was looking ahead in relation to the audit and a meeting with Grant Thornton had been arranged. Mr Evens requested that at the next meeting a brief session be held to look at the issues that had been dealt with ahead of time. Ms Bellard informed members that she hoped to be working on the Value for Money conclusion by the next meeting.

Ms Martlew informed members that she would send the Audit plan to members once it was agreed.

The report was **noted**.

Action: External Audit Progress Report:

1. Ms Bellard to send Mrs Lynch paper copies of the Grant Thornton Governance document for circulation to members
2. A brief session to be held at the next meeting to look at the issues, in relation to the auditing of the accounts, that had been dealt with ahead of time.
3. Ms Martlew to send out the Audit Plan to members once it was agreed.

AC11/13 INTERNAL AUDIT PROGRESS REPORT

Mrs McAdams presented the Internal Audit Progress Report which was accepted by members.

Mr Evens expressed his concern in the slippage of some audits in the programme as the Head of Internal Audit Opinion had to be finalised. Mrs McAdams informed members that this would be undertaken in May and the audits would have to be finished by then, although it would be noted that there may be some ongoing work in relation to the financial aspects.

Members discussed the auditing process in relation to the year-end accounts and the process should the Trust be acquired part year. Ms Bellard reported that it would be absorption accounting in line with the Manual for Accounts.

Mr Evens questioned the implications of the Bed Management Audit to which Mrs McAdams informed members that the report had changes to dates, not to substance. Mr Evens requested that the report be sent out to members for completeness.

Financial Management and Budgetary Control Internal Audit Report: Mr Evens expressed his concerns around aspects of the report and why it was not 'Limited'. Mrs McAdams and Mr Pinkerton advised members of the background of the information and how the budget holders were often ward managers or equivalent who work within their own area but do not work with Finance in relation to detailed budget setting. Members generally discussed the broader aspect of overspending within the Trust, the lack of ownership for budgets and lack of training for budget holders. Mr Gardiner reported that with the Business Units now being developed

training should be easier, but that there was a lot of scope for improvement

Ms Cooke further questioned if the committee felt the report should still be limited or significant. Mr Evens reported that following the discussion held he understood why the report had come to the conclusion it had.

Cash Bank and Treasury Management: There were no comments in relation to this report.

6 Week Diagnostic Waiting Time Target: Ms Cooke questioned if Ms Siddall had been involved in this report to which Mrs McAdams reported that the report had been discussed with Ms Siddall; discussion had also been held with Mrs Farrar and target dates had been adjusted following those conversations. Mr Evens and Ms Cooke both expressed their concerns that the Trust was taking this report seriously to which Mrs McAdams reported that Mrs Farrar had been concerned and target dates had been brought forward at her request. Mr Evens requested that Ms Siddall or Mrs Farrar attend the next Audit Committee meeting to report on what work had been done in relation to this report. Ms Bellard also expressed her concern in relation to this report.

Implementation of Nice Guidance 2012/13: Ms Cooke asked if this report had been discussed with Mr Walker as it had been discussed at the Governance Committee. Mrs Duguid informed members that she had reviewed this report in detail and had met with Mr Kirkley in relation to this. Mr Walker was also aware of the report. Mrs Duguid was pleased to note that the report had moved from no assurance to limited assurance; she agreed with all the recommendations and felt that some of them would be achieved well before the time frame set.

Safety and Suitability of Medical Equipment 2011/12: Mrs McAdams reported that this had been a matter of concern for a period of time; the follow up audit had revealed that matters had not progressed very much and that is why the report was still classed as Limited. Mr Evens informed members that he agreed and endorsed the comments made in paragraphs 24 and 25 (page 4 of report) and that the system needed to automatically register new purchases. Mrs Duguid informed members that in relation to paragraph 33 a follow up visit by the CQC had confirmed that the Trust was compliant. A meeting had been arranged to look further at the recommendations and to gain clarity on taking them forward. Mrs Duguid was also going to attend the Medical Devices meeting to ensure this was progressed. Mr Evens requested that medical equipment be included in the patient safety walkabouts and Mrs Duguid agreed to amend the paperwork to reflect this. Ms Bellard expressed her concern relating to equipment ordered outside of the procurement process and how often this happened as this had been an issue in the accounts the previous year. Mr Evens requested that Internal Audit and Finance look at this report and how the situation could be improved and report back.

The report was **noted**.

Action: Internal Audit Progress Report:

1. Mrs McAdams to send out to members the Bed Management Internal Audit Report
2. 6 Week Diagnostic Waiting Time Target: Mrs Farrar or Ms Siddall to be asked to attend the next meeting to report on what work the Trust was undertaking
3. Mrs Duguid to include medical equipment in the patient safety walkabout information
4. Safety of Medical Equipment Report: Internal Audit and Finance to look at this report and report back on how the situation could be improved.

AC12/13 **PUBLIC SECTOR INTERNAL AUDIT STANDARD**

Mrs McAdams presented the Public Sector Internal Audit Standard Report which was accepted by members. The report showed the new standards applicable to internal audit from April 2013 and members were asked to note that as a requirement of the standards independent external review would be required and would take place during 2013. Mrs McAdams further reported that Internal Audit is working to these standards already.

The report was **noted**.

AC13/13 **LCFS PROGRESS REPORT**

Mrs McAdams presented the Local Counter Fraud Progress Report which was accepted by members. Mrs McAdams updated members on the work that had been undertaken.

The report was **noted**.

AC14/13 **FINANCE REPORT**

Mr Gardiner presented the Finance Report for Quarter 3. The following key points were noted:

- The drugs write off was higher for this quarter.
- The amount of bad debts to be approved for write off was £738.16.
- There were 3 procurement waivers in quarter 3, bringing the total to date to 15.

The losses and special payments were **noted** and the bad debts for write off were **approved**.

AC15/13 **ACCOUNTING POLICIES**

Mr Gardiner presented the Draft Accounting Policies report which was accepted by members. Mr Gardiner informed members that the document had been sent out showing track changes so that members could see the

changes made. Mr Evens questioned if the changes related to changes from the previous year or if they were changes from the Treasury Guidance. Mr Gardiner reported that the changes were predominately deletions from the standard accounting policies listed in the Manual for Accounts although there were some additional notes which were also included last year, Further minor changes may also be made before the final accounts are produced..

Mr Bonner questioned the paragraph on page 5 of the report relating to large assets and if it meant that assets would be classed as whole buildings (and all components of the building) to which Mr Gardiner reported that in the broad sense it did mean that. Ms Bellard informed members that in relation to heating etc these components would be listed as repairs when they are incurred rather than charged to capital.

Mr Evens raised a number of queries relating to the report and Mr Gardiner was asked to review the document in its totality. Ms Bellard also reported that she had noted the discussions held but would look at the report in detail and feedback any queries to Mr Gardiner

Members **noted** the report.

Action: Accounting Policies:

1. Mr Gardiner to review the document in its totality following the discussions held at the meeting
2. Ms Bellard to look at the report in detail and feedback any queries to Mr Gardiner

AC16/13

AUDIT COMMITTEE TERMS OF REFERENCE

Mrs Duguid presented the Audit Committee Terms of Reference which were accepted by members. The following key points were noted.

- Members discussed the function of the Management Lead and agreed that the Audit Committee should use the Director of Finance as an Executive Director with support from the Company Secretary.
- In relation to the Non-Executive Directors attendance, as there were not a large number of Non-Executive Directors it was crucial that they attended meetings, but if not able to attend then Professor Bruce should be requested to attend the meeting.

Members noted the Terms of Reference Report

Action: Terms of Reference

Mrs Duguid to amend the Terms of Reference to reflect the changes discussed at the meeting

AC17/13

ANY OTHER BUSINESS

Members discussed the need to hold an additional Audit Committee meeting and the items that were needed to be brought to that meeting. It

was agreed that the following items should be itemised at the April meeting:

Assurance Framework

Outstanding Audit Recommendations

Audit Committee Cycle of work

Pre Account matters

Mrs Cooke also asked that Training for members be included

Members agreed to hold the meeting on 23 April and for the meeting to be held either at Whitehaven or Carlisle

There was no further business to discuss.

Mr Evens thanked Mr Mundy for attending the meeting.

AC18/13 DATE AND TIME OF NEXT MEETING

The next meeting will take place on Tuesday 14 May at 9am in the Boardroom at the West Cumberland Hospital, Whitehaven

Addendum - an additional Audit Committee Meeting has been arranged for 23 April 2013.

AUDIT COMMITTEE ACTION LIST MEETING FEBRUARY 2012

Minute Point Reference	Details of Action agreed	Action by whom	Timescale	Progress
NOVEMBER 2011				
AC83/11	Changes to the Audit Committee Handbook: Mrs McAdams and Mrs Duguid to meet to look at the Assurance Framework in relation to the Trust core business and milestones and how the Audit Committee could progress this. A proposal to be brought back to the February Audit Committee meeting.	Cheryl McAdams/ Ramona Duguid	February 2012 Revised Date May 2012. Revised date September 2012 Revised date December 2012	Complete - To be discussed as part of the educational needs at the April 2013 Meeting
SEPTEMBER 2012				
AC54/12	a. Governance Plan to be brought to the next Audit Committee meeting.	Ramona Duguid	December 2012. Amended date February 2013 Amended date May 2013	Ongoing – following return from Maternity leave a general update is required for Governance Plan which is currently being undertaken and report will be brought to the May Audit Committee Meeting.
AC65/12	Internal Audit Progress Report 1. The Informatics finalised reports to be brought to the next Audit Committee Meeting	Cheryl McAdams	December 2012 Amended Day May 2013	Ongoing – The work has just been completed by the external quality representatives and the report is about to be issued to NCUH Management. The report will be brought to the May Audit Committee meeting.

December 2012				
	<p>Quality Report</p> <p>a. Mrs Platton to look into the reporting of C Difficile information as the Trust was reporting it more stringently than required by the NHS Operating Framework.</p>	Ramona Duguid/ Gina Martlew	February 2013	Ongoing – Members discussed this action and felt it was not complete as they needed more information than what was given. Mrs Martlew and Mrs Duguid to pick this up and report back to the committee at the next meeting.
	<p>b. Mrs Duguid to look into the Trust performance reporting of the 95th percentile and median referral to treatment times. The information the Trust reported was incorrect and a review of the process was required. Mrs Duguid to work with Mrs McAdams and Ms Siddall.</p>	Ramona Duguid	February 2013	Complete - Mrs Duguid to discuss this action further with Ms Martlew out of the meeting
AC84/12	<p>Draft Anti-Bribery Policy</p> <p>a. Mr Shanahan to discuss the issues relating to the Trust Whistleblowing Policy on behalf of the Audit Committee</p>	Steve Shanahan	February 2013	Complete – Agenda item April 2013 meeting
February 2013				
AC06/13	<p>Draft Audit Committee Cycle</p> <p>1. Training be added to the cycle of work</p> <p>2. The Whistleblowing aspect be moved from September to May</p> <p>3. The report to be finalised in March 2013 and circulated to members</p>	Ramona Duguid Ramona Duguid Ramona Duguid	March 2013 March 2013 March 2013	Complete Complete Ongoing – updated cycle will be circulated by end April 2013
AC07/13	<p>Outstanding Audit Actions:</p> <p>1. Mrs McAdams to discuss the process for this document with her Northumbrian counterpart in relation to taking this forward.</p>	Cheryl McAdams	April 2013	Action superceded following meeting with Chief Executive and Directors

	<p>2.The report to be brought back to the May or April meeting following assurance check by Mrs Duguid and Mrs McAdams.</p> <p>3. Mr Evens further requested that the catch up meeting with himself, Mr Shanahan and Mrs Duguid to also include Mrs McAdams.</p> <p>4. Issues in the Outstanding Audit Actions to be brought to the Committees attention and the relevant Directors be requested to attend the meeting</p>	Ramona Duguid	April 2013	Action superceded following meeting with Chief Executive and Directors
		Jean Lynch	April 2013	Complete - action superceded as meeting was cancelled due to the additional AC meeting arranged for April 2013
		Ramona Duguid	April 2013	Action superceded following meeting with Chief Executive and Directors
AC08/13	Quality Accounts Mrs Duguid to show the Executive Director of Nursing as the Lead Person for this report	Ramona Duguid	April 2013	Complete
AC09/13	Clinical Audit Update: 1. Mr Bonner to discuss with Professor Bruce the requirement to provide assurance to the Audit Committee on all matters that the Governance Committee discussed but may require assurance by the Audit Committee. 2. The Chair of the Governance Committee to either attend the next Audit Committee or produce a report giving assurance to the Audit Committee – Mrs Duguid to pick up this action	Michael Bonner	April 2013	Complete – Agenda item April 2013 meeting
		Ramona Duguid	April 2013	Complete – Agenda item April 2013
AC10/13	External Audit Progress Report: 1. Ms Bellard to send Mrs Lynch paper copies of the Grant Thornton Governance document for circulation to members 2. A brief session to be held at the next meeting to look at the issues, in relation to the auditing of the accounts, that had been dealt with ahead of time.	Jacky Bellard	April 2013	Complete
		Eric Gardiner	April 2013	Verbal update to be given

	3. Ms Martlew to send out the Audit Plan to members once it was agreed.	Gina Martlew	April 2013	Complete – agenda item April 2013
AC11/13	Internal Audit Progress Report: 1. Mrs McAdams to send out to members the Bed Management Internal Audit Report 2. 6 Week Diagnostic Waiting Time Target: Mrs Farrar and Ms Siddall to be asked to attend the next meeting to report on what work the Trust was undertaking 3. Mrs Duguid to include medical equipment in the patient safety walkabout information 4. Safety of Medical Equipment Report: Internal Audit and Finance to look at this report and report back on how the situation could be improved	Cheryl McAdams Jean Lynch Ramona Duguid Cheryl McAdams/Eric Gardiner	April 2013 April 2013 May 2013	Complete Complete – agenda item 23/4/2013 Complete for Director patient safety walkabouts. However Non Executive Monthly walkabout paperwork needs updated
AC15/13	Accounting Policies: 1. Mr Gardiner to relook at the document in its totality following the discussions held at the meeting 2. Ms Bellard to look at the report in detail and feedback any queries to Mr Gardiner	Eric Gardiner Jacky Bellard	April 2013 April 2013	Completed Completed
AC16/13	Terms of Reference Mrs Duguid to amend the Terms of Reference to reflect the changes discussed at the meeting	Ramona Duguid	April 2013	Complete