

North Cumbria University Hospitals



NHS Trust

**MINUTES OF THE AUDIT COMMITTEE HELD
ON TUESDAY 11 DECEMBER 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 C McAdams, Head of Internal Audit
Mrs J Bellard, Audit Commission
Mrs G Martlew, Audit Commission
Ms Corinne Siddall, Director of Operations (Item AC77/12 to AC86/12 only)
Mr D Gallagher, Director of Human Resources (Item AC76a/12 only)
Mrs J Lynch, Office Manager (minute taker)

AC72/12 **WELCOME**

Mr Evens welcomed everyone to the meeting.

AC73/12 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mrs R Duguid.

AC74/12 **MINUTES OF THE PREVIOUS MEETING**

The minutes were agreed as a true and correct record.

AC75/12 **ACTION PLAN**

Action Plan

Please note the updated actions on the action list.

AC76/12 **MATTERS ARISING**

a. Update on investigation (Action AC68/12)

Mr Damian Gallagher informed members on the background to the case. The Trust had settled with the claimant following legal advice given by Ward Hadaway. In relation to the lessons learnt Mr Gallagher reported that the Human Resource Business Partner had undertaken a development plan. The case itself was not felt to be racist but more the lack of management of the individual. Mr Evens questioned if the manager was now a better manager. Mr Gallagher informed members that he had

received confirmation from the Divisional General Manager that the manager in question was progressing and monthly reports so far had shown this.

Members discussed the racial discrimination aspect and how the Trust leaves itself open to that accusation. Mr Gallagher reported on the history of the Trust case that had been dealt with before he started working with the Trust and how that person had just lost another case elsewhere recently.

Ms Cooke and Mr Evens further questioned the broader aspect of the lessons learnt. Mr Gallagher reported that the Trust had a leadership programme which had been instigated 18 months ago,. Mr Gallagher further reported that the HR business partners were working closely with the Business Units to give support on all areas of conflict.

Mr Evens thanked Mr Gallagher for attending and giving assurance on the lessons learnt.

Mr Gallagher left the meeting.

Ms Siddall joined the meeting at this point.

AC77/12

REVIEW OF GOVERNANCE ARRANGEMENTS FOR THE WEST CUMBERLAND HOSPITAL REDEVELOPMENT

Mr Evens presented the report from Grant Thornton and requested Ms Bellard to go through the detail of the report.

It was agreed that the discussions would not be minuted in detail but there would be a summary of the committee response to the Grant Thornton report.

In summary the Audit Committee response to the five key issues identified in the report by Grant Thornton on the governance arrangements for the West Cumberland Hospital Redevelopment were as follows:

- In respect of the Board satisfying itself that there is sufficient allowance for inflation within the costing, the Committee agreed that the Board had received sufficient assurance from its cost advisors, Rider Hunt, at the Board meeting on 18 November 2012
- In respect of the uplift in Department of Health funding through a change in the PUBSEC index, the Audit Committee agreed that this point had already been considered by the Board on 18 December 2012 as some project costs had already been expended as the project was running in parallel to the approval process.
- In respect of the general risk contingency of £1.2million, the Audit Committee asked the Interim Director of Finance, Mr Shanahan to advise the Board on 18 December 2012 how the early and future project management costs can be managed, in agreement with the Trusts External Auditors, Grant Thornton.

- In respect of the further funding the Trust is required to provide for the project; this was discussed at the Board meeting on 20 November 2012. It was agreed that this would be managed over the proposed development of the project, through the Trusts Capital Resource Limit (CRL).
- In respect of the Service Level Agreement (SLA) with Cumbria Partnership Trust (CPT); this matter will be dealt with as a standing item of the Finance Committee agenda until it is resolved.
- In respect of the project management arrangements being in place going forward; the Board had already discussed this on 20 November 2012 and agreed for the purpose of signing the contract that the Site Supervisor would be Mr A Davidson, Project Manager would be Mrs S Halsall and the Project Director would be Ms C Siddall. These interim project arrangements were agreed for pre contract sign off as under the interim management arrangements, the Interim Chief Executive could only become the Senior Responsible Officer (SRO) for the project, post contract sign off.

AC78/12 QUALITY REPORT

Ms Martlew presented the Quality Report which was accepted by members. The key points were noted:

- Mr Evens questioned the information relating to clinical audit regulation 2.5, on page 5 of the report. Ms Martlew informed members that the Trust had reported 8 provisional reports as having been received and reviewed. Ms Martlew expressed her concern that there must have been more clinical audits undertaken in 2011/12 that were completed in 2011/12.
- Ms Martlew informed members that the Trust recorded C-Difficile more stringently than required by the NHS Operating Framework. Mr Evens requested that Mrs Platton should look into this as this information was reported to the Trust Board.
- Ms Martlew informed members that in relation to the Trust's reported performance on the 95th percentile and median referral to treatment times, the Trust had not reported the whole year but had reported on March information only. Mr Evens informed members that this had been raised by the Audit Committee the previous year and asked that Mrs Duguid pick this up and address this. This item will be discussed further at the Audit Committee Meeting in February 2013. Mr Bonner questioned if this form of reporting was unique to our Trust or if it happened elsewhere. Ms Bellard reported that some Trusts reported the same as this Trust and others reported the information correctly. Ms Siddall informed members that the Quality Report had been circulated by Ms Duguid so that the issues could be addressed. The Trust was working with Northumbria Healthcare Foundation Trust to ensure that we reported the information the same as they did. Ms Siddall further reported that the Trust was working with the DH Intensive Support Team (IST) in relation to 18 weeks and addressing the issues. An action plan had been put in place which should be completed by the end of March 2013. Mr Evens reiterated that the

overall process needed to be reviewed and asked that Mrs McAdams, Ms Siddall and Mrs Duguid oversee the process so that the Trust had assurance for the following year. Ms Siddall informed members that this would be picked out outside the remit of the Audit Committee

- Ms Martlew reported to members that she would discuss the issues with this year's action plan with Mrs Duguid.

Action: Quality Report

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.

Mrs Platton reported that she had reported this to the Infection Control Committee and to the HDA. The Trust was reporting C Difficile under the rules laid down by the HDA.

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.

c. The Trust Performance reporting of the 95th percentile and the medium referral to treatment times to be discussed further at the February 2013 Audit Committee Meeting. This was further amended as Ms Siddall reported she would discuss this with Mrs Duguid outside this meeting.

d. Ms Martlew to discuss some issues relating to this year's action plan with Mrs Duguid this year's action plan.

AC79/12 CHARITABLE FUNDS AUDIT PROGRESS

Ms Bellard reported that the work had started on the Charitable Funds Accounts and would be discussed at the Charitable Funds meeting in January 2013.

The verbal update was **noted**.

AC80/12 INTERNAL AUDIT PROGRESS REPORT

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

Mr Evens questioned what would happen after March 2013 with internal audits that were ongoing. Mrs McAdams reported that she would be discussing this with Mr Shanahan.

Mrs McAdams reported to members that in relation to the Limited Bed Management Report the work was ongoing and would be brought back 'on track'. Mr Evens asked Ms Siddall for her comments on this report and Ms Siddall advised the Committee that she had worked through the report and had disputed some of the comments in the original report and these had now been altered. Work was ongoing in relation to the action plan; there was a strategy in place now and some of the recommendations were also

in place. Mr Evens queried why there were no dates in the action plan to which Ms Siddall advised that dates would be added.

Mr Evens questioned the Information Governance report as the Lead Director was not named. Mrs McAdams informed members that it should be Mr Shanahan. Mr Bonner questioned the date in recommendation 4 as the date stated 31/3/2013. Mrs McAdams reported to members that it was a typing error and should read 31/3/2012.

In relation to the CIP report Mrs McAdams informed members that there was a difference in the figures since the audit had been undertaken. Mr Evens reported that this was as expected and would be helpful to Mr Shanahan. Mr Shanahan informed members that he had already met with Mr Pinkerton from Internal Audit in relation to this report.

The report was **noted**.

AC81/12 ANNUAL REVIEW AUDIT CHARTER

Mrs McAdams presented the Review of the Internal Audit Charter which was received by members.

Mrs Cooke reported that the document stated 2010 and questioned this. Mrs McAdams informed members that the date would be changed to 2012 once approved by members.

Members **approved** the document.

AC82/12 LCFS PROGRESS REPORT

Mrs McAdams presented the LCFS Progress Report which was received by members. The key points were noted:

- There had been no fraud investigations. The department were currently looking at car parking on the CIC site following the receipt of some anonymous letters. The department had been involved in an investigation on the WCH site involving catering. Mr Evens questioned whether there had been a prosecution in this case. Mrs McAdams reported that the person involved had admitted their guilt and would be charged formally.
- Ms Cooke questioned the dates in the blue headings on the top of the pages as the date stated September. Mrs McAdams informed members that the date should have been changed as the information was current.
- Members discussed the report and asked that the information be clarified in future as current because it was felt the report, although showing updated information, was confusing.

Action: LCFS Progress Report Mrs McAdams to ensure the information in the LCFS progress report was all current as it was found to be confusing when it was showing mixed information

AC83/12 UPDATE COUNTER FRAUD POLICY

Mrs McAdams presented the Counter Fraud Policy update report which was accepted by members.

Mr Bonner questioned if Northumbria Healthcare NHS Foundation Trust had been involved to ensure consistency. Mrs McAdams reported that they had been.

Ms Cooke questioned if Northumbria Healthcare NHS Foundation Trust had seen the document to which Mr Shanahan advised that all Trusts worked to the same template.

Members **approved** the document.

AC84/12 DRAFT ANTI-BRIBERY POLICY

Mrs McAdams presented the draft Anti-Bribery Policy which was accepted by members. Mrs McAdams informed members that the Board had approved the statements and the policy was in place.

Ms Cooke questioned section 7.1 and if the training targeted all staff. Mrs McAdams reported that the staff in specific areas, such as Procurement would be targeted. Ms Cooke reported that she thought staff members would prefer to know this and Mrs McAdams reported that she would be happy to add this information.

Mr Evens questioned section 4.1 as he had concerns relating to the Trust Whistleblower and if the Trust actually had one as he felt that the Trust Policy was not in date. Mr Evens further reported that he was not assured by the statements in this section of the document. It was agreed that Mr Shanahan would pick this up with Mr Gallagher outside of this meeting forum.

Mr Bonner requested that the control sheet be amended by the removal of the name of the accountable director and to use the title only. Mrs McAdams agreed to do this.

Members **Approved** the document subject to the changes being made.

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| <p>Action: Draft Anti-Bribery Policy</p> <ol style="list-style-type: none">a. Mrs McAdams to amend the report as per the request of members.b. Mr Shanahan to discuss the issues relating to the Trust Whistleblowing Policy on behalf of the Audit Committee with Mr Gallagher outside this meeting forum. |
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AC85/12 QUARTER 2 FINANCE REPORT

Mr Gardiner presented the Quarter 2 Finance Report which was accepted by members. The key points were noted:

- Mr Gardiner informed members that there had been a system process change in relation to private patients and the payments for treatments/procedures were taken in advance as much as possible.
- Mr Bonner questioned the fridge failure in relation to the drugs at WCH. Mr Gardiner reported that the alarm had gone off out of hours and but the staff did not realise the alarm related to the Pharmacy fridges. The system has been updated to ensure this does not happen again.

The report was **noted** and the write off of bad debts **approved**.

AC86/12 PREPARATION FOR YEAR END AUDIT

Mr Gardiner presented the report on the Annual Accounts preparation which was received by members. Mr Gardiner updated members on changes made within the finance department and how this would ensure better preparation this year for the Annual Accounts. The Trust had also received some external support and the feedback had been positive.

Mr Evens expressed his concern relating to the problems in previous years accounts and ensuring there is sufficient time to review the accounts prior to submission. Mr Gardiner reported that time had been built into the timetable and he was assured that the process would be improved this year.

Ms Bellard asked if at month 9 there would be a full set of accounts as a review would be done then if wished. Mr Gardiner reported that that would be helpful. Mr Shanahan further reiterated that it would be helpful to do that.

The report was **noted**.

Ms Siddall left the meeting at this point.

AC87/12 ANY OTHER BUSINESS

a. Planned Audit Fee for 2012/13 from Grant Thornton (for information)

Ms Bellard reported on the Planned Audit Fee for 2012/13 and gave details of the breakdown of the fee. Ms Bellard also reported that the work undertaken on the governance arrangements for the redevelopment of the West Cumberland Hospital would be subject to an additional fee.

Members **noted** the letter.

AC88/12 DATE AND TIME OF NEXT MEETING

The next meeting will take place on 12 February 2013 at 9am in the Boardroom, Cumberland Infirmary.

AUDIT COMMITTEE ACTION LIST MEETING DECEMBER 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.	Chris Platton	February 2012 Revised Date May 2012. Revised date September 2012 Revised date December 2012	Ongoing – Cheryl spoke to Ramona and they plan to revisit the document and look at it in detail in readiness for the February 2013 meeting.
FEBRUARY 2012				
AC20/12	Terms of Reference 1. Mr Mulvey and Mrs Duguid to relook at the terms of reference document to amend it following discussion held at the Audit Committee meeting. The amended document to be sent to Audit Committee members prior to the meeting in May	Ann Farrar/ Jacky Stockdale	May 2012. Amended Date September 2012 Revised date December 2012. Revised date Feb 2013	Ongoing –Ramona to make changes to TOR following them being presented to Trust Board in November and bring back to Feb 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	Ongoing - Ramona to bring to February 2013 meeting

AC61/12	Matters Arising. 1. Update on Medical Devices - The follow up audit for medical devices to be presented to the Audit Committee at the meeting in February 2013.	Cheryl McAdams	February 2013	Ongoing – to be presented to Audit Committee Feb 2013
AC64/12	Appointment of External Auditors for Trust and Charitable Funds. 1. External Audit representatives to give clarification at the next meeting relating to the work to be done by external audit in for the Charitable Funds accounts.	Jackie Bellard	December 2012	Grant Thornton undertaking work and this has started now and is due to finish January 2013 – Action Complete
AC65/12	Internal Audit Progress Report 1. A report to be presented to the next Audit Committee in relation to Asset Management and why Internal and External Audit showed differences in their opinions. 2. Mr Gardiner to review the actions of the Asset Management Report. 3. Mr Gardiner to report to the next Finance Committee meeting and the next Audit Committee meeting on the issue relating to the goods received not invoiced report. 4. The Informatics finalised reports to be brought to the next Audit Committee Meeting	Cheryl McAdams Eric Gardiner Eric Gardiner Cheryl McAdams	December 2012 December 2012 December 2012 December 2012	in papers at December meeting – Action Complete Systems in place now – Action Complete Work improving in this area - Action complete Ongoing – work expected to finish in December and will be presented to the Feb 2013 meeting
AC70/12	SLA Update A further update regarding the SLA issues to be presented to the Finance Committee Meeting in October.	Eric Gardiner	October 2012	Work ongoing to continue to address the issues with CPT regarding the SLA - Action Complete
December 2012				
	Quality Report 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.	Chris Platton	February 2013	Mrs Platton reported that she had reported this to the Infection Control Committee and to the HDA. The Trust was reporting C Difficile under the rules laid down by the HAD

	<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> <p>c. The Trust Performance reporting of the 95th percentile and the medium referral to treatment times to be discussed further at the February 2013 Audit Committee Meeting. This was further amended as Ms Siddall reported she would discuss this with Mrs Duguid outside this meeting.</p> <p>d. Ms Martlew to discuss some issues relating to this year's action plan with Mrs Duguid this year's action plan</p>	<p>Ramona Duguid</p> <p>Corinne Siddall/ Ramona Duguid</p> <p>Gina Martlew</p>	<p>February 2013</p> <p>February 2013</p>	<p>Action complete – to be discussed outwith the Audit Committee Forum</p>
AC82/12	<p>LCFS Progress Report</p> <p>Mrs McAdams to ensure the information in the LCFS progress report was all current as it was found to be confusing when it was showing mixed information</p>	<p>Cheryl McAdams</p>	<p>February 2013</p>	
AC84/12	<p>Draft Anti-Bribery Policy</p> <p>a. Mrs McAdams to amend the report as per the request of members .</p> <p>b. Mr Shanahan to discuss the issues relating to the Trust Whistleblowing Policy on behalf of the Audit Committee</p>	<p>Cheryl McAdams</p> <p>Steve Shanahan</p>	<p>February 2013</p> <p>February 2013</p>	