

TRUST BOARD
29th September 2016

AGENDA ITEM NUMBER	8.2	
TITLE OF PAPER	Draft Audit Committee Minutes	
Confidential		
Suitable for public access	√	
PLEASE DETAIL BELOW THE OTHER SUB-COMMITTEE(S), MEETINGS THIS PAPER HAS BEEN VIEWED		
These draft minutes have been approved by the Committee Chair and will be reviewed at the next Committee meeting to be held on 20 th October 2016.		
STRATEGIC OBJECTIVE(S):		
Best outcomes	√	
Excellent experience	√	
Skilled & motivated teams	√	
Top productivity	√	
EXECUTIVE SUMMARY	<p>The draft minutes of the Audit Committee meeting held on 21st July 2016 are attached for noting. The key points are: -</p> <ul style="list-style-type: none"> • Internal Audit – received the update paper, noting the outcomes of completed audits during the period. There was particular concern about the audit of Medical Devices which had resulted in a high level of important recommendations – this would be kept under specific review; • LCFS – received and noted the update paper; and • Terms of Reference – reviewed and approved minor changes to the Committee's Terms of Reference (which were subsequently presented to the July Trust Board meeting for approval). 	
RECOMMENDATION	Receive and note the paper	
SPECIFIC ISSUES CHECKLIST:		
Quality and safety		
Patient impact		
Employee		
Other stakeholder	Internal and external audit reports and Local Counter Fraud Specialist updates are reviewed at the meetings of the Committee. Recommendations are accepted by the Trust after engagement of the relevant area lead.	
Equality & diversity		

Finance	
Legal	
Link to relevant Board Assurance Framework Principle Risk	Audit plans aligned to key organisational risks.
AUTHOR NAME/ROLE	Paul Doyle, Deputy Director of Finance Please approach for any further information required.
PRESENTED BY DIRECTOR NAME/ROLE	Terry Price, Non-Executive Director and Committee Chair
DATE	22 nd September 2016
TRUST BOARD ACTION	Receive

TRUST BOARD
29th September 2016

AUDIT COMMITTEE MEETING
MINUTES
21st July 2016

PRESENT:	Mr. Terry Price Mr. Nadeem Aziz Mr. Meyrick Vevers	Non-Executive Director and Committee Chair Non-Executive Director Non-Executive Director
IN ATTENDANCE:	Mr. Simon Marshall Mr. Paul Doyle Mr. Paul Grady Ms. Dakshita Takodra Mr. Grant Bezuidenhout Ms. Charlotte Goodrich	Director of Finance and Information Deputy Director of Finance TIAA (Internal Audit) TIAA (Internal Audit) TIAA (LCFS) KPMG (External Audit)
SECRETARY:	Ms. Miriam Bateson	Head of Financial Services
APOLOGIES:	Mr. Keith Malcouronne Mr. Neil Hewitson	Non-Executive Director KPMG (External Audit)

1. Introductions and Apologies for Absence

Apologies are as listed above.

2. Minutes of Previous Meeting

Minutes of the Meeting held on 19th May 2016

The minutes of the meeting held on 19th May 2016 were approved.

3. Matters Arising

3.1 Actions List

The Committee reviewed the Actions List which contained ten items and noted that six items were now complete (actions 4, 5, 6, 7, 8 and 9), an update was provided for action 1 and the remaining three (2, 3 and 10) were ongoing and would therefore remain on the action plan.

4. Internal Audit

4.1 Internal Audit Report - Progress Report

Dakshita Takodra presented the progress report from TIAA which included the following:

- (i) Internal audit plan status report – final reports have been issued for the two audits detailed in (ii) below.

(ii) Summaries of final reports issued for the following completed audits:

a) Complaints

This report concluded that there was reasonable assurance in this area. In total nine recommendations had been made of which three were ranked as important, five as routine and one as operational. The Committee noted that some progress had been made since the last internal audit of this area, but raised concern about both the quantity of recommendations and also the planned implementation dates for agreed actions. The Committee agreed to reserve judgement until the final reports for Incidents and Governance reviews were received later in the year.

b) Medical Devices

This report concluded that there was limited assurance in this area. In total seventeen recommendations had been made of which fifteen were ranked as important and two as routine.

The Committee discussed its concern about the lack of assurance provided by the report and agreed that the report should be referred to QAPC. The Director of Finance and Information agreed to discuss the report with the Deputy Chief Executive and Associate Director of Estates and Facilities to ensure that actions were being progressed as a matter of urgency. It was also agreed that the Associate Director of Estates and Facilities, and possibly the Medical Engineering Manager, should provide an update to the next pre-Audit Committee Meeting with Terry Price, Dakshita Takodra and the Deputy Director of Finance. This pre-meet would be scheduled to allow time for an appropriate update to be prepared and circulated in advance of the October 2016 Audit Committee meeting.

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(iii) A database of progress with implementing internal audit recommendations:

- of the six recommendations outstanding from 2014/15 audits, two have now been completed and evidenced and the remaining four are not yet due.

- of the thirty nine recommendations in relation to 2015/16 audits, sixteen have now been evidenced and the latest position of the remaining twenty three was:

- three implemented;
- six not yet due;
- thirteen work in progress; and
- one outstanding.

(iv) Progress against the 2016/17 Annual Plan:

Dakshita Takodra informed the Committee that there had been some changes:

- An audit of claims management was to replace the previously planned review of CQC Process and Registration;
- The quality indicators audit will focus on VTE risk assessments;

- and
- A learning disability audit would replace the previously planned clinical documentation audit.

Paul Grady added that any changes proposed such as these are reflected upon by Internal Audit to avoid the risk of being steered by Trust staff.

The Committee noted the Internal Audit Progress report.

5. Local Counter Fraud Specialist (LCFS)

5.1 LCFS Progress Report

Grant Bezuidenhout presented an update report on progress with counter fraud matters which included the following:

- (i) Strategic Governance – the Self Review Tool (SRT) for 2015/16 had been submitted to NHS Protect by the deadline of 31st May 2016 with a preliminary rating of green. No feedback has been received as yet.
- (ii) Inform and Involve – an update on training carried out, a summary of staff members with whom meetings have taken place and also external agencies and departments liaised with in a preventative role.
- (iii) Prevent and Deter – the Whistleblowing Policy and the Interests Policy have been reviewed by the LCFS and low risk amendments proposed. Also, the National Fraud Initiative (NFI) review exercise is complete.
- (iv) Hold to Account – there have been two referrals during the year which have not been opened as formal investigations. One of these related to the increasing threat of fake internal requests purporting to be from senior members of staff requesting urgent bank transfers. In addition there are two open investigations and one closed which resulted in the suspension of a member of staff who subsequently resigned.

The Committee noted the report.

6. External Audit

6.1 KPMG - Progress Report

Charlotte Goodrich presented KPMG's External Audit Progress Report which updated the Committee with work performed since the May 2016 Audit Committee meeting. This included debriefing the 2015/16 audit, presenting to the Trust's Governors and planning for the 2015/16 charitable funds audit.

The progress report also detailed the work planned for the following period which focused on carrying out the 2015/16 charitable funds audit in September 2016 and preparing the resulting ISA 260 Report for presentation at the October 2016 Audit Committee meeting.

The report concluded with a number of technical updates, one of which related to the National Data Guardian for Health and Care's Review of Data Security. Meyrick Vevers highlighted the proposed standard for all staff to complete annual data security training and the Director of Finance and Information discussed the Trust's difficulty in meeting the current 90% target required by the IG Toolkit in 2015/16.

The Committee noted the report.

7. Terms of Reference

7.1 Assessment against NHS Audit Committee Handbook

The Deputy Director of Finance presented for discussion two self-assessment checklists which form part of the NHS Audit Committee Handbook (2014):

- Committee Processes – with proposed responses for discussion. No further changes were proposed; and
- Committee Effectiveness – the Committee were asked for their views on whether this should be completed given the change to Committee membership. It was agreed that it would be circulated for Terry Price and Nadeem Aziz to complete. In addition both internal and external audit would be asked to complete a copy.

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The Committee noted the report.

7.2 Terms of Reference Review

Terry Price presented a review of the Committee's Terms of Reference which had been delayed due to the recent merger discussions with RSCH which have subsequently been paused.

The Committee approved the Terms of Reference for recommendation to the Trust Board.

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8. Integrated Governance

8.1 QAPC Feedback

There was no feedback for the Audit Committee from QAPC.

8.2 Items for Information/Recommendations to QAPC and/or Trust Board

Trust Board

- The outcome of internal audit's review of Medical Devices and the Committee's proposed follow up thereof; and
- The outcome of the Audit Committee's review of its Terms of Reference.

QAPC

- The outcome of internal audit's review of Medical Devices.

9. Items for Information/Noting

9.1 Schedule of Business 2016/17

It was agreed that an item for the tender process for both internal and external audit contracts would be added to the October 2016 meeting. It was also agreed to remove the review of the 2016/17 internal audit plan from the same meeting.

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The Committee noted the Schedule of Business 2016/17.

9.2 Chairman and Chief Executive Expenses

The Committee noted the report covering quarter 4 of 2015/16 and quarter 1 of 2016/17. The Director of Finance and Information referred to the occasional use of his corporate credit card for some expenses. This led to a discussion about the current method of producing this expenses report and it was agreed that Chairman and Chief Executive expenses should be disclosed irrespective of the method of payment which is irrelevant to the public. The Director of Finance and Information agreed to review the current process.

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9.3 Contracts and Tenders

As discussed at agenda item 9.1, the tender process for internal and external audit contracts would be on the agenda at the October 2016 meeting.

10. Any Other Business

There were no items of any other business.

11. Date and Time of Next Meeting

Thursday 20th October 2016, at 11.00am in Room 2 Chertsey House, St. Peter's Hospital.