

Board of Directors: 11.1.18

Agenda Item: Bo.1.18.34

Confirmed Audit & Assurance Committee Minutes 3 October 2017

Presented by:	Trevor Higgins, Non- Executive Director	Author:	Fiona Ritchie, Trust Secretary
Previously considered by:	Audit & Assurance Committee		

Key points	Purpose:
Audit & Assurance Committee minutes 3 October 2017	To note

Executive Summary
Audit & Assurance Committee minutes 3 October 2017

Financial implications:
No

Regulatory relevance:

Monitor:	
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Equality Impact / Implications:	Choose an item.
	Choose an item.
	Choose an item.
	Is there likely to be any impact on any of the protected characteristics? (Age, Disability, Gender, Gender Reassignment, Pregnancy and Maternity, Race, Religion or Belief, Sexual Orientation, Health Inequalities, Human Rights) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, what is the mitigation against this?

Other:	
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Strategic Objective: <i>Reference to Strategic Objective(s) this paper relates to</i>	To provide outstanding care for patients
	To deliver our financial plan and key performance targets
	To collaborate effectively with local and regional partners
	Choose an item.

AUDIT AND ASSURANCE COMMITTEE MEETING MINUTES, ACTIONS & DECISIONS

Date:	Tuesday, 3 October 2017	Time:	16:00-18:00
Venue:	Trust Meeting Room, Chestnut House	Chair:	Mr David Munt, Non-Executive Director
Present:	Non-Executive Directors: <ul style="list-style-type: none"> - Mr David Munt, Non-Executive Director (DM) - Ms Selina Ullah, Non-Executive Director (SU) - Dr Trevor Higgins, Non-Executive Director (TH) 		
In Attendance:	<ul style="list-style-type: none"> - Mr Chris Smith, Deputy Director of Finance (CS) representing Mr Matthew Horner, Director of Finance (MH) - Ms Helen Kemp-Taylor, Audit Yorkshire (HKT) - Ms Karina Rogers, Audit Yorkshire (KR) - Ms Adele Jowett, Local Counter Fraud Specialist (AJ), Audit Yorkshire - Mr Paul Hewitson, Deloitte (PH) - Mr Nick Rayner, Deloitte (NR) - Ms Donna Thompson, Director of Governance and Operations (DT) for Agenda items A.10.17.6, A.10.17.8, A.10.17.9 and A.10.17.10 - Mr Paul Featherstone, Director of Estates and Facilities (PF) for Agenda item A.10.17.10 - Ms Fiona Ritchie, Trust Secretary (FR) - Ms Juliet Kitching, Minute Taker (JK) 		

No.	Agenda Item	Action
A.10.17.1	Apologies for Absence <ul style="list-style-type: none"> - Mr Michael Quinlan, Deputy Director of Finance (MQ) - Mr Matthew Horner, Director of Finance (MH), represented by Mr Chris Smith, Deputy Director of Finance (CS). 	
A.10.17.2	Declaration of Interest There were no declarations of interest reported.	
A.10.17.3	Minutes of the meeting held on 1 August 2017 The minutes were accepted as a correct record subject to the following changes: A.8.17.16 – The third line of the table on page 6 should read, 'BH/03/18 Asbestos Management'. A.8.17.18 – Page 7, second paragraph should read, 'KR and DT have agreed internal audit would provide more updates to DT and her team and DT will escalate key issues as required.'.	

A.10.17.4	Matters Arising The following actions from the action log were closed: A.2.17.5 (07.02.17) – Cyber Security. A.7.17.8 (16.05.17) – Internal Audit Annual Report and Head of Internal Audit Opinion. A.5.17.14 (16.05.17) – Draft Annual Accounts 2016/17. A.8.17.10 (01.08.17) – Board of Directors Standing Orders. A.8.17.12 (01.08.17) – Letter of Representation. A.8.17.15 (01.08.17) – Counter Fraud Progress Report. A.8.17.27 (01.08.17) – Attendees for subsequent Audit Committee meetings.	
Internal Audit – Audit Yorkshire		
A.10.17.5	Counter Fraud Progress Report – Audit Yorkshire AJ noted the new style progress report which was welcomed by the Committee. AJ discussed the report and highlighted the following: <ul style="list-style-type: none"> • Inform and Involve work covers engagement with staff and the work undertaken since the last Audit Committee involving the finance team and procurement. • Prevent and Deter aims to deter fraud happening by advertising the successful cases. • The ‘Hold to Account’ investigations are now included in the body of the report. The Committee were updated on the cases. • The areas for activity were noted to be on-track for this point of the year. • Executive support for antifraud work is highlighted in this month’s Let’s Talk. • Presentations are targeted at the most likely areas for fraud and where there have been previous cases, e.g. finance, nursing. The report was accepted by the Committee.	
A.10.17.6	Internal Audit Progress Report – Audit Yorkshire KR discussed the paper and progress made towards the delivery of the 2017/2018 Internal Audit Plan detailing the audits undertaken to date, and summarised the seven finalised Internal Audit Progress Reports (five carrying a significant assurance and two carrying a limited assurance, the latter having been requested by management), issued since the last Audit Committee meeting held on 1 August 2017. The audit work underway and status were noted.	

	<table><tr><th>Audit</th><th>Status</th></tr><tr><td>BH/06/18 Mental Health Act Follow Up</td><td>Significant</td></tr><tr><td>BH/07/18 Safer Staffing – Gap Analysis</td><td>Significant</td></tr><tr><td>BH/08/18 Policy Management</td><td>Significant</td></tr><tr><td>BH/09/18 Complaints Handling</td><td>Significant</td></tr><tr><td>BH/10/18 EPR Gateway 4b Follow Up</td><td>Significant</td></tr><tr><td>BH/11/18 Cost Improvement Plan</td><td>Limited</td></tr><tr><td>BH/12/18 Private Patients</td><td>Limited</td></tr></table> <p>At the Committee meeting on 16 May 2017 it was agreed the audit days would be 546 and that 45 days would be deferred from 2016/17, resulting in the Internal Audit Plan for 2017/18 being 600 days. Progress against plans were noted with 152 days against a 600 day plan having been delivered.</p> <p>The limited assurance reports were discussed. The Cost Improvement Plan (BH/11/18) looked at the area of governance arrangements, documentation, ownership, how this was working at the FT and whether processes were in line with the prescribed controls and processes. The timescale for actioning the eight recommendations was noted as challenging with DT highlighting the reasoning behind the timescales allocated.</p> <p>DT noted all recommendations and actions would be tracked by the responsible Executive Lead. Reports of limited assurance are also monitored through the Integrated Governance and Risk Committee. DT agreed to return to the Audit Committee with Chris Danson, Director of Transformation, to provide an update on the cost improvement audit to the Committee on 5 December 2017.</p> <p>Private Patients (BH/12/18), a management request, concerned the operation of the York Suite and covered the following objectives to provide assurance that sufficient processes are in place to:</p> <ul style="list-style-type: none">• identify all private patients prior to treatment,• obtain reasonable assurance that said patients will pay for their treatment,• ensure that accurate and timely invoices are raised, with appropriate mechanisms in place to ensure payment is received. <p>The majority of actions sit with Divisions under DT with support from Finance. The eleven recommendations were noted. The Committee expressed concerns about this report; however, a strategic review is being undertaken led by John Holden, Director of Strategy and Integration, to develop a strategy for private patients within the organisation. FR will add this item to the Major Projects Agenda.</p>	Audit	Status	BH/06/18 Mental Health Act Follow Up	Significant	BH/07/18 Safer Staffing – Gap Analysis	Significant	BH/08/18 Policy Management	Significant	BH/09/18 Complaints Handling	Significant	BH/10/18 EPR Gateway 4b Follow Up	Significant	BH/11/18 Cost Improvement Plan	Limited	BH/12/18 Private Patients	Limited	Trust Secretary
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Foundation Trust																		
A.10.17.7	ISA 260 Report 2016-17: Recommendations 1 and 2 <p>CS reported Recommendation 1 relates to the review of the hierarchy for approving invoices specifically relating to purchase orders. CS stated following the review carried out in April, reviewer responsibility within the Oracle system was removed from everyone with the exception of those staff in Estates and Procurement responsible for procurement. CS believed the recommendation had been fulfilled but will seek final confirmation. The</p>	Trust Secretary																

	<p>Committee will be updated via email via FR. CS noted a further review of approval limits and hierarchy structures of the system has been undertaken.</p> <p>Recommendation 2 concerned splitting the reporting of assets under construction. CS confirmed a system for reporting had been devised.</p>	Deputy Director of Finance
A.10.17.8	<p>ISA 260 Report 2016-17 – Recommendation 3</p> <p>In relation to Recommendation 3 concerning incomplete pathways of the 18 week Referral to Treatment status, DT reported on the complexity of the rules and pathways around 18 weeks and the iPM system which is no longer in use. EPR should resolve issues going forward with every encounter being auditable and training resources being provided as necessary.</p> <p>With regard to Recommendation 4 concerning incomplete pathways incorrectly opened, a number of operational changes have also been implemented to ensure managers are aware of their responsibilities in ensuring pathways are correct. Trust access meetings have been reviewed and new guidance produced for managers detailing best practice in pathway management and setting out the purpose and expected outputs from the access meetings.</p> <p>The new EPR system will identify and date and time stamp every interaction. A suite of data quality reports will be available through Business Objects which will be available to executive and divisional management teams.</p> <p>The Committee acknowledged and accepted the content of the report and the progress made in relation to the recommendations of the KPMG audit report.</p>	
A.10.17.9	<p>Care Quality Commission (CQC) Compliance</p> <p>DT noted the report and described the processes in place in terms of both the overview of the process and outcome of the FT's assurance and challenge approach to the compliance requirements of the CQC. An Internal Audit of the processes used by the FT to manage compliance with fundamental standards has been completed, which attracted 'significant assurance'. DT noted the recently published new CQC's key lines of enquiry. The FT will now ensure the current systems and processes are focused on ensuring the assurance around the new key lines of enquiry. Divisional action plans will be compiled and assurance provided through the CQC Steering Group.</p> <p>DT noted the current relationship between the FT and the CQC is very good with the CQC attending some of the deep dive presentations to the Quality and Safety Committee and Quality Summit meetings, obtaining first hand assurance and providing open and transparent communications. DT noted, following the last quarterly meeting, NHS Improvement had been invited to join some of the meetings where the CQC may be in attendance.</p>	
A.10.17.10	<p>Fire Safety</p> <p>PF provided an update to the Committee on fire safety issues within Bradford Teaching Hospitals. PF drew the Committee's attention to the presentation to the Board of Directors in May 2017, providing assurance on</p>	

	<p>the effectiveness of the fire safety work undertaken by the Trust.</p> <p>PF noted:</p> <ul style="list-style-type: none"> • An annual fire safety statement assessment is undertaken as best practice to capture any interventions for the fire service and any concerns that the professional fire advisor raises at a senior level in the organisation. This statement is signed off by the Chief Executive, following assurances. • All FT policies are in date and are regularly reviewed. • The Estates and Facilities Compliance, Risk and Assurance Group (CRAG) meets regularly to review all Estates and Facilities-related risks, including fire. • There is an on-going risk assessment programme, delivered by the Trust Fire Safety Advisor, who undertakes fire audits and reviews. At the time of presentation, fire risk assessments are at 100% for the estate. • Within the last 12 months there have been no fires in the organisation. • Fire Safety Training programmes have been reviewed and updated. • High standard of fire precautions are maintained throughout the FT. <p>DM raised the issue of solar panel cladding as some products have a highly combustible backing attached to them and referenced evidence of incidents linked to solar panels after viewing a fire safety film. DM expressed concern about moving people backwards if a fire is underway across a roof area and queried the procedure. In terms of the wider NHS network PF is not aware of any issues relating to solar panels nor of any fire communication concerns issued directly from the West Yorkshire Fire and Rescue Service. DT also noted there had been no communication from the MHRA from a national point of view on this.</p> <p>PF will make further enquiries of the Trust Fire Safety Advisor and report back to FR who will circulate the Committee with the response.</p> <p>It was envisaged that once further issues have been addressed in terms of Grenfell, further questions may be raised and factors emerge. The FT is working closely and is in regular contact with NHS Improvement in relation to the existing cladding to the Trust Decontamination Block and also the cladding refurbishment project to the Maternity Block.</p> <p>The Committee was assured and thanked PF for his report.</p>	<p>Director of Estates/ Trust Secretary</p>
<p>A.10.17.11</p>	<p>Exception Reports</p> <p>In MQ's absence CS presented the Exception Reports.</p> <p>The Losses and Special payments report demonstrated the figures reported for Quarter 2. There was nothing of note to report in this financial year.</p> <p>With regards the Tenders' report, CS pointed out the 'Network Refresh – Hardware Requirement' as being a substantial tender for over one million pounds including VAT. Most items in the single tender waivers and waiver of tender relate to the informatics services, eg IT support or specific software systems.</p>	

	The Committee noted the Exception Reports.	
A.10.17.12	<p>Annual Security Report</p> <p>CS noted the report which described the various aspects of the FT's security arrangements, emerging themes and the actions that have been taken. The final page of the report includes the recommendations that were put to the Executive Management Team under section 9.1.</p> <p>Concern was raised as to whether the newer ward areas have seen any aggression or violence as environments may have an impact on behaviours. The Committee agreed Karon Snape should be invited to the December meeting.</p>	Trust Secretary
A.10.17.13	<p>Standing Financial Instructions (SFI) and Scheme of Delegation</p> <p>FR informed the Committee that MH and herself were to meet and work through potential changes to the SFIs and Scheme of Delegation. The changes will include those discussed at the Finance and Performance Committee that relate to the Financial Improvement plan. The proposed changes would be circulated to the Audit Committee members later this month for approval prior to submission to the November 2017 Board of Directors for ratification.</p>	Trust Secretary
External Audit		
A.10.17.14	<p>Audit Plan and Sector Developments Report – Deloitte</p> <p>PH discussed Deloitte's annual audit plan for this year, this being the first time Deloitte had presented an audit plan.</p> <p>PH noted three significant audit risks of material misstatement to the financial statements which will be addressed through Deloitte. The VFM risk assessment has identified the planning of the Cost Improvement Programme 2018/19 as an area for risk. The implementation of the EPR system and delivery of the CQC action plan will be monitored.</p> <p>PH noted:</p> <ul style="list-style-type: none"> • Responsibilities of the Audit Committee. • Overview of audit approach. • Approach to materiality - a value of £7.871 million has been set for planning purposes. • Deloitte to report all misstatements found in excess of £250,000. reporting threshold to the National Audit Office. Any misstatements below this threshold to be reported if they are considered to be material by nature. • The Committee agreed to this proposal. • Responsibility under the Audit Code. • Scope of work and approach. • Timetable for the year. • Changes to be made to formal audit reports. A template will be submitted to the Committee in advance to show the format. • Sector update. • Fraud responsibilities and representations. • Independence and fees. <p>The significant audit risks were discussed:</p>	

	<ul style="list-style-type: none"> Revenue recognition in respect of CQUIN and the Sustainability and Transformation Fund income. Accounting for the impairment to the EPR system. Management override of controls. <p>The Committee noted appropriate governance structures are in place to manage the position. PH will liaise with Internal Audit as appropriate.</p> <p>PH noted a key step is to engage with the FT's Governors to start the selection for local indicators. FR agreed to invite PH along to a future Governors' meeting.</p> <p>The Committee welcomed Deloitte's report.</p>	Trust Secretary
A.10.17.15	Any Other Business DM thanked the committee members for their support over his years of tenure. TH thanked DM on behalf of the Committee members for DM's hard work in giving the Committee a clear focus. Internal Audit also gave thanks to DM.	
A.10.17.16	Matters to escalate to Corporate Risk Register There were no items to escalate to the Corporate Risk Register.	
A.10.17.17	Matters to escalate to the Board of Directors <ul style="list-style-type: none"> External Audit: Audit Plan 2017/18. Internal Audit Report: Cost Improvement Plan. Internal Audit Report: Private Patients. 	
A.10.17.18	Attendees for subsequent Audit Committee meetings <ul style="list-style-type: none"> Cost Improvement Programme - Donna Thompson and Chris Danson. Security – Karon Snape. EPR Go-live Process – Cindy Fedell. 	
A.10.17.19	Review of meeting There was no comment.	
A.10.17.20	Date and time of next meeting Tuesday, 5 December 2017, 4 pm to 6 pm.	

BRADFORD TEACHING HOSPITALS NHS FOUNDATION TRUST
ACTIONS FROM AUDIT AND ASSURANCE COMMITTEE MEETINGS 3 October 2017

Date of Meeting	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
03.10.17	A.10.17.6	Internal Audit Progress Report DT agreed to return to the Audit Committee with Chris Danson, Director of Transformation, to provide an update on the cost improvement audit to the Committee on 5 December 2017.	Trust Secretary	December 2017	D Thompson and C Danson invited to attend December 2017 meeting. Item added to the December 2017 agenda. Item concluded
03.10.17	A.10.17.6	John Holden, Director of Strategy and Integration, to Commence the work on a strategy for private patients within the organisation. FR will add this to the Major Projects Committee agenda.	Trust Secretary	December 2017	FR added Private Patients to Major Projects Committee agenda. Item concluded
03.10.17	A.10.17.7	ISA 260 Report 2016-17 Recommendation 1 – CS believed the recommendation had been fulfilled but will seek final confirmation. The Committee will be updated via email via FR.	Deputy Director of Finance/ Trust Secretary	December 2017	Confirmation Email sent 16.11.17. Item concluded
03.10.17	A.10.17.10	Fire Safety – PF will make further enquiries to the Trust Fire Safety Advisor and report back to FR who will circulate the Committee with the response.	Director of Estates/ Trust Secretary	December 2017	Email sent 10.10.17. Item concluded
03.10.17	A.10.17.12	Annual Security Report – The Committee agreed Karon Snape should be invited to the December meeting.	Trust Secretary	December 2017	16.11.17: K Snape invited to December Committee. Item added to December agenda.

Date of Meeting	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
					Item concluded
03.10.17	A.10.17.13	Standing Financial Instructions and Scheme of Delegation – FR and MH will meet and work through potential changes to the SFIs and Scheme of Delegation. The proposed changes would be circulated to the Audit Committee members later this month for approval prior to submission to the November 2017 Board of Directors for ratification.	Trust Secretary	December 2017	Documents circulated to Committee members 23.10.17. Items discussed at November 2017 Board of Directors. Item concluded
03.10.17	A.10.17.14	Audit Plan and Sector Developments Report – FR agreed to invite PH along to a future Governors' meeting.	Trust Secretary	December 2017	PH Met with Governors 16.11.17 Item concluded