

Council of Governors 18.1.18

Agenda Item: CGo.1.18.22

Report from the Chair of the Audit and Assurance Committee

Presented by:	Dr Trevor Higgins, Non-Executive Director	Author:	Sarah Worstead, Corporate Compliance Manager
Previously considered by:	Board of Directors held 11 January 2018		

Key points	Purpose:
1. This paper provides a brief summary of the key matters that were discussed at the meeting of the Audit and Assurance Committee held on 5 December 2017.	To discuss and note
2. The confirmed minutes from the Audit and Assurance Committee meetings held on 3 October 2017 are attached at Appendix 1.	To discuss and note

Executive Summary
The purpose of the Audit and Assurance Committee, as set out in its Terms of Reference, is to review the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisation's activities that supports the achievement of the organisation's objectives and, if necessary, raise concerns or make recommendations to the Board of Directors.
The Council of Governors is asked to note the report presented to the Board of Directors on 11 January 2018.

Financial implications:
No

Regulatory relevance:

Monitor:	Quality Governance Framework
	Risk Assessment Framework

Equality Impact / Implications:	<p>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)</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, what is the mitigation against this?</p>
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Other:	
Strategic Objective:	To provide outstanding care for patients
<i>Reference to Strategic Objective(s) this paper relates to</i>	To deliver our financial plan and key performance targets
	To collaborate effectively with local and regional partners

Audit and Assurance Committee – 5 December 2017

1. Introduction

The purpose of this paper is to advise the Board of Directors of the key matters discussed and a brief summary of agenda items of the Committee which was held on 5 December 2017.

2. Key Matters discussed at the meeting held on 5 December 2017

- Waste Segregation
- Follow up of Internal Audit Recommendations
- Cost Improvement Plan Recommendations Update

3. Agenda Items

3.1 Internal Audit Progress

Audit Yorkshire presented their Internal Audit progress report.

A summary of progress against the agreed plan was for 2017/18 was provided.

The Committee discussed the three reports that carried a Significant Assurance opinion. The Committee also discussed in detail the three reports that carried a Limited opinion and the one report that had no assurance:

- BH/14/18 Intravenous Cannulation: The Chief Nurse was in attendance for this item.
- BH/16/18 Consent; Human Tissue: The Director of Governance and Operations was in attendance for this item.
- BH/18/18 Cash Handling: The Director Finance was in attendance for this item.
- BH/17/18 Waste Segregation: The Director of Governance and Operations was in attendance for this item. A follow up report on this item will be added to the next Committee agenda.

3.2 Follow up of Internal Audit Recommendations

The follow up report showing progress made against all agreed recommendations made in Internal Audit reports was discussed by the Committee.

3.3 2017/18 Annual Report Timetable/FT reporting Manual

The 2017/18 Annual Report and Quality Report timetable for production was discussed and noted by the committee. The recently published Accounts reporting timetable was also discussed with further information due to be presented at the next Committee meeting.

3.4 BH/11/18 Cost Improvement Plan Recommendations update

The Transformation Director presented an update on the recommendations made in the Internal Audit report on the Cost Improvement Plan. The Committee discussed the responses to the recommendations in detail.

3.5 Board Assurance Framework Process

The Director of Governance and Operations presented the Board Assurance Framework process to the Committee. The Committee discussed and gained assurance about the process.

3.6 Annual Reported Physical Assaults

The Director of Finance, in his role as the Security Management Director and the Assistant General Manager/Security Management Specialist presented the 2016/17 Annual Reported Physical Assaults report.

The Committee discussed the report with particular reference to the management of clinically related challenging behaviour.

3.7 Exception Reports

The exception reports were noted by the Committee

3.8 EPR Go-Live Process

The Director of Informatics presented on the EPR go-live process. The go-live has been completed successfully and the FT is in 'Steady State'. A detailed review of the process was discussed by the Committee. The Committee congratulated the Director on the work that went into ensuring a smooth and successful go-live.

3.9 Attendees for subsequent Audit Committee meetings

- Director of Governance and Operations: Waste Segregation follow up

4. Escalation to the Corporate Risk Register

There were no items for escalation to the Corporate Risk Register

5. Recommendation

The Board of Directors is asked to note the above points.

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Appendix 1

**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	<p>Matters Arising</p> <p>The following actions from the action log were closed:</p> <p>A.2.17.5 (07.02.17) – Cyber Security.</p> <p>A.7.17.8 (16.05.17) – Internal Audit Annual Report and Head of Internal Audit Opinion.</p> <p>A.5.17.14 (16.05.17) – Draft Annual Accounts 2016/17.</p> <p>A.8.17.10 (01.08.17) – Board of Directors Standing Orders.</p> <p>A.8.17.12 (01.08.17) – Letter of Representation.</p> <p>A.8.17.15 (01.08.17) – Counter Fraud Progress Report.</p> <p>A.8.17.27 (01.08.17) – Attendees for subsequent Audit Committee meetings.</p>											
Internal Audit – Audit Yorkshire												
A.10.17.5	<p>Counter Fraud Progress Report – Audit Yorkshire</p> <p>AJ noted the new style progress report which was welcomed by the Committee.</p> <p>AJ discussed the report and highlighted the following:</p> <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. <p>The report was accepted by the Committee.</p>											
A.10.17.6	<p>Internal Audit Progress Report – Audit Yorkshire</p> <p>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.</p> <table><tr><td>Audit</td><td>Status</td></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></table>	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	
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	<p>Recommendation 2 concerned splitting the reporting of assets under construction. CS confirmed a system for reporting had been devised.</p>	
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>	

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	<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 polices 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</p>	

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	<p>of tender relate to the informatics services, eg IT support or specific software systems.</p> <p>The Committee noted the Exception Reports.</p>	
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. 	

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	<ul style="list-style-type: none"> • 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	<p>Any Other Business</p> <p>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.</p>	
A.10.17.16	<p>Matters to escalate to Corporate Risk Register</p> <p>There were no items to escalate to the Corporate Risk Register.</p>	
A.10.17.17	<p>Matters to escalate to the Board of Directors</p> <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	<p>Attendees for subsequent Audit Committee meetings</p> <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	<p>Review of meeting</p> <p>There was no comment.</p>	
A.10.17.20	<p>Date and time of next meeting</p> <p>Tuesday, 5 December 2017, 4 pm to 6 pm.</p>	

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

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Date of Meeting	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
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. 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