

Chairpersons Report

Chairpersons Name	Carole Hudson
Committee Name	Audit Committee
Date of Meeting	03.05.17
Name of Receiving Committee	Trust Board
Date of Receiving Committee meeting	May 2017
Strategic Items for referral to Trust Board	Na.
Items for escalation?	Na.

Please detail the key successes or achievements discussed at the meeting

1. Good financial reporting and strong financial management of the Trust in 2016/17
2. Theatres stock control given significant assurance
3. Key financial systems given significant assurance
4. Information Governance toolkit was given significant assurance and rated as 'adequate'
5. Capital Programme Management was given significant assurance
6. MIAA issued an audit opinion of significant assurance
7. Prompt action being taken by REMC in terms of identifying and actioning risks
8. Anti-Fraud report for 2016/17 identified good progress being made to raise staff awareness
9. Audit Committee reviewed by MIAA and judged effective

Details of the top risks identified during the course of the meeting and initials of primary member of staff actioning

1.	Manual stock control systems are open to a greater degree of error	RF		
2.	£100m of invoices are bring paid within the Trust without official orders being placed and the process is not fully compliant with SFIs	RF		
3.	Although a Network Security Policy has been agreed to comply with Information Governance, the system level security policy is still in development	RF		
4.	A recent anti-fraud survey has highlighted a number of concerns raised by staff. The Audit Committee is referring this to Exec Comm Cell for consideration	RF		
5.	Failing of documentation has been identified as a strategic risk for the Trust by REMC	RM		
Attendance at the meeting (please highlight):	Excellent (well attended) x	Acceptable (some apologies)	Unacceptable (quorate)	Unacceptable (not quorate)

Was the agenda fit for purpose and reflective of the Committees terms of reference?	Yes
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Narrative report of the key issues of the meeting

The Audit Committee considered the following issues:

- The receipt of the first draft of the Annual Report and Quality Accounts
- Draft accounts
- Draft Annual Governance Statement
- The revised Schedule of Matters
- An update on the process for monitoring of Duty of Candour
- Gifts and Hospitality Report 2016-17
- Progress on the Clinical Audit Report for 2016/17
- The latest risk identification by REMC
- MIAA Audit Reports on: Theatre stock control, Key Financial Systems, Information Governance Toolkit

- and Capital Programme Management
- The Annual Report from the Counter Fraud team for 2016/17 together with the results of a Counter Fraud Survey staff questionnaire
- Disposal of Equipment standard operating procedure

Key outcomes from the reports taken at the meeting

The Director of Finance informed the Audit Committee that he had arranged for audits to be undertaken to examine the controls on the HIS Log-in system. He also identified that automatic log in via use of a swipe card might be the best solution to the issues previously raised and that the Executive team are now considering this. The Audit Committee thanked the DOF for dealing with this matter.

The Internal Audit Reports on Theatre Stock Control, Key Financial Systems, Information Governance Toolkit and Capital Programme Management all gave significant assurance.

The report on Clinical Audit and Effectiveness outlined that all mandatory audits have now been completed and a number of audits will be completed in 2017/18. The Audit Committee thanked the Medical Director for the good progress.

The draft Annual Governance Statement, the MIAA Audit Opinion and the draft Accounts for 2016/17 gave the Audit Committee considerable assurance about the excellent financial governance of the Trust.

The Annual Report from the Counter Fraud team highlighted the good progress made in raising the awareness of fraud within the Trust.

A number of concerns were identified as follows:

- Although the manual theatre stock systems gave significant assurance they are open to error and the Audit Committee were informed that there is potential to automate this
- Despite the excellent financial systems in place in the Trust, over £100m of goods and services had been procured without official use of purchasing orders. WWL is performing well in this respect compared to other Trusts but the Audit Committee asked for a report on how the Trust might mitigate this further to give assurance
- The Audit Committee noted that REMC has identified failings in documentation within the Trust and considers this to be a strategic risk. The Audit Committee asked for a more detailed report from REMC on how this is being mitigated for assurance purposes
- The Trust has made good progress in identifying a Network Security Policy for Information Governance, the system level of the Security Policy is still in development and a timescale for completion was requested by the Audit Committee
- The Anti-Fraud Staff Survey has identified a number of potential areas of fraud as raised by staff. The Audit Committee requested that this be forwarded to Exec Comm Cell for consideration
- The Audit Committee had requested assurance on how the Duty of Candour is being monitored by the Trust. The Audit Committee was assured that this is a matter considered by the Quality Committee. Discussion took place about whether all evidence is in place to demonstrate that the Duty of Candour has been met, including if appropriate records of discussions with patients and families are in place and if mandatory training has been sufficiently implemented. An audit is to be conducted by MIAA and the conclusion will be brought to the Audit Committee.
- A Standard Operating Procedure for the Disposal of Equipment was approved in principal by the Audit Committee

Agreed actions from the meeting	Name of primary lead for the actions
D Nunns / C Alexander to consider the comments of the Committee and circulate a re-drafted version of the	D Nunns / C Alexander

Annual Report and Quality Accounts to the Committee members in advance of the final version being taken on the 24th May	
The Committee to be presented with the Duty of Candour look back exercise report when available	C Alexander
Assurance to be provided to the Committee that the action plan in relation to documentation would address the risks identified	C Alexander / D Pullen
A report to be taken at the next meeting to provide assurance around invoices paid outside the formal purchase order process	C Wood / S Martland
An update to be provided on laser safety training at the next meeting	S Arya

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD ON WEDNESDAY, 3rd MAY 2017 AT 9.30AM
IN THE THQ BOARDROOM**

PRESENT	2017					
	01 02	01 03	03 05			
Mrs C Hudson (Chair) NED	√	√	√			
Mr N Turner NED	√	√	√			
Mr N Campbell NED	√	APOLS	√			
Mr M Guymer, NED	√	√	√			
IN ATTENDANCE						
Mr R Forster, Director of Finance / Deputy CEO	APOLS	APOLS	√			
Mrs Pauline Law, Director of Nursing	NOT REQUIRED	NOT REQUIRED	APOLS A EDIS			
Mrs C Ryan, Counter Fraud	√	√	√			
Ms L Warner, Internal Audit Manager	√	√	√			
Mrs L Hancock, Corporate Services Administrator	√	√	√			
Claire Alexander, Head of Governance and Assurance	√	√	APOLS			
Shirley Martland, Financial Controller	√	√	√			
Alison Balson, Director of HR	NOT REQUIRED	NOT REQUIRED	NOT REQUIRED			
Steve Connor, Deputy Director MIAA	√	APOLS	√			
Carolyn Wood, Deputy Director of Finance	√	√	APOLS			
Mary Fleming, Director of Performance and Ops	NOT REQUIRED	NOT REQUIRED	√			
Richard Mundon, Director of Strategy and Planning	√	APOLS	√			
Deborah Pullen, Compliance Lead	APOLS	√	√			
Paul Thompson, Deloitte	-	-	-			
Paul Hewitson, Deloitte	√	√	√			
Dave Nunns, Interim Board Liaison Officer	√	√	√			
Dr Sanjay Arya, Acting Joint Medical Director	√	√	√			

1. COMMITTEE CHAIRS OPENING REMARKS

C Hudson welcomed all to the meeting. She noted that today's agenda was very challenging but felt confident that the items could be discussed within the allotted time. She noted that the assumption would be that all papers had been read.

She offered her congratulations to Deloitte on their successful reappointment as External Auditors.

2. APOLOGIES

As noted above.

3. DECLARATION OF INTERESTS

None declared.

4. AUDIT COMMITTEE EFFECTIVENESS

C Hudson noted that the Audit Committee was an independent committee so it was vital that an assessment of effectiveness was undertaken. This had been reviewed by MIAA and C Hudson began by seeking their view on the Audit Committee effectiveness.

S Connor (MIAA) advised that, from the MIAA perspective, the Audit Committee was very effective in terms of its operation. Significant progress had been made this year and the level of constructive challenge and breadth of coverage had been excellent. Items were given the necessary airing and good time allowed for discussion. The meetings were well chaired and the culture within the organisation was good in terms of proactively commissioning audits. He felt that the link between sub committees and Board was excellent and there was a good level of reporting between them.

P Hewitson (Deloitte) supported these comments and felt that the Committee was always clear on its purpose and the extent of its role and remit. He felt it was an effective governance committee which compared favourably with those in other Trusts. He felt that, given the lengthy agendas, there was potential for meeting fatigue.

R Forster noted the enormous amount of work covered by the Committee over the course of the year. He noted that there was always a danger of crossing over into the management side of things and this was a fine line. Reports back to subsequent meetings on issues would be a way of managing the potential for meeting fatigue.

M Guymer felt that there was a good balance between financial, clinical and performance matters. He agreed that there were good links with sub committees.

N Campbell felt that the meetings were chaired very well and meetings always stuck to time. There was a good balance of support and challenge in the meetings and he felt that the meetings were an exemplar to other Audit Committees he had attended.

N Turner agreed that the WWL Audit Committee was one of the best that he had been involved with.

C Hudson was pleased to note that the Committee had been quorate on all occasions throughout the course of the year. She thanked Finance, REMC, MIAA, Deloitte and Counter Fraud for their assistance and support.

5. APPROVAL OF MINUTES OF MEETING ON 01.03.17

The minutes were agreed to be an accurate record.

6. MATTERS ARISING

a. Action log 01.03.17

Action updates were received and noted.

R Forster provided an update to the Committee on the issues in relation to clinician use of HIS and the inadvertent use of the system under another log in. He advised that the issue had been discussed at the SIRO meeting and would also be taken to the Digital Delivery Board. The issue would be audited to understand how frequently this happened. There were also short, medium and long term plans in place. In the short-term, M Farrier would be sending a reminder communication to all clinicians with regard to this. In the medium-term, more work stations would be introduced to reduce the need for sharing. In the long-term, tap on / tap off log in would be introduced across the Trust.

The Committee thanked R Forster and S Arya for their work around this and took good assurance from the actions described.

D Pullen added that she was working with the Professional Practice Nurse to ensure a reminder in relation to log in details was included in the Medical Record Keeping policy. The Committee welcomed this additional step.

b. Work plan 17/18

The work plan for 17/18 was received and noted.

7. DEEP DIVE INTO MATTERS AGREED BY THE AUDIT COMMITTEE

There were no matters for deep dive this meeting.

8. CORPORATE GOVERNANCE

a. Receipt of draft Annual Report and Quality Accounts

The draft Annual Report and Quality Accounts were received and noted by the Committee. There was further work to be done around this before the final version would be presented at the Audit Committee on the 24th May.

In terms of initial feedback, the Committee had concerns that the overall tone of the reports appeared to be negative and didn't fully reflect the Trust position. The Committee acknowledged that it had been a challenging year but felt that more could be done to reflect the many positive outcomes from 2016/17.

There was also concern that some of the Divisional content was lengthy. It was felt this needed to be shorter and provide more of a summary of the Divisional successes and challenges. As the report had been contributed to by many different authors, it was felt to lack a single, coherent voice.

D Nunns / C Alexander would consider the comments made by the Committee and look to incorporate feedback as much as possible in the re-drafted version. It was agreed that this should be circulated to Committee members in advance of the final version being presented on the 24th May. D Nunns requested any further comments by the 12th May at latest.

The Committee thanked all the teams involved for their hard work to date and looked forward to receiving a further version in due course.

ACTION: D Nunns / C Alexander to consider the comments of the Committee and circulate a re-drafted version of the Annual Report and Quality Accounts to the Committee members in advance of the final version being taken on the 24th May

b. Draft Accounts

S Martland presented the draft accounts to the Audit Committee. She noted that the financial position had been thoroughly discussed at the F&I Committee and Trust Board. A final surplus of £13.6m pre impairments had been reported. Changes had been made to the financial policies in accordance with issued guidance. The process for completion of the accounts had gone smoothly and they had been submitted to both NHSI and Deloitte ahead of deadline.

R Forster congratulated S Martland and the finance team for the excellent work undertaken around the accounts. He noted that Deloitte were currently auditing and the aim would be to ensure the process went as smoothly as possible.

P Hewitson added that the accounts had been received by Deloitte in good time and the team had been impressed by the clear improvements made to the audit trail. Deloitte had not identified anything of concern within the accounts themselves and the audit was currently ongoing.

The Committee thanked the finance team for an excellent set of accounts. The final accounts would be taken at the meeting on the 24th May.

c. Draft Annual Governance Statement (AGS)

D Nunns presented the draft AGS to the Committee. He noted that C Alexander continued to work on this. Any comments were requested by the 12th May and the final version would be presented to the Committee at the end of May.

d. Revised Schedule of Matters

D Nunns presented the revised Schedule of Matters to the Committee. This had been amended to reflect the end of the IM&T Strategy Committee, the commencement of the Strategy Committee and the new arrangements for the NW Sector Shared Services Board.

The revised document was accepted by the Committee.

e. Gifts and Hospitality Register

The Gifts and Hospitality Register was received and noted.

f. Duty of Candour

D Pullen presented the report to the Committee. The report was to provide assurance to the Committee in terms of how Duty of Candour was monitored. She noted that the CQC had been very positive around WWL processes and arrangements. Some steps were being taken to further strengthen process, including work around a job role description for single points of contacts for patients and families. Duty of Candour was monitored by both ESC (Executive Scrutiny Committee) and Q&S Committee. A look back exercise of all applicable incidents in 16/17 was currently being undertaken to ensure that Duty of Candour had been met.

The Committee accepted the report but felt that it was not clear that discussions around incidents with patients / relatives were always happening within a suitable time interval. S Arya clarified that the Trust strived to achieve this but was sometimes unable to due to the wishes of the patient / family. The Committee felt that, in order to gain further assurance, it would be beneficial to receive the look back exercise report when available.

ACTION: The Committee to be presented with the Duty of Candour look back exercise report when available

g. Clinical Audit Report Q4

D Pullen presented the Q4 report to the Committee. She was pleased to note that there were no mandatory audits outstanding. The National IBS Audit was currently on hold due to a lack of resources but this had been flagged to the Q&S Committee. She noted that the format of the report would be improved further for Q1. Details of clinical audit work were taken to Q&S Committee via the quarterly SEC (Safe, Effective and Caring) reports.

The Committee was pleased to note that the Trust was not behind on any mandatory audits and congratulated the team on this improvement.

h. Losses and Compensations

The losses and compensations report was received and noted.

i. Committee Effectiveness Reports

The Committee Effectiveness reports were received and noted for information.

9. RISK MANAGEMENT

a. Review changes in policy which may affect compliance (for information)

No items this meeting.

b. Consider adequacy of all policies

No items this meeting.

c. Risk escalations / referrals

No items this meeting.

d. REMC minutes

R Mundon noted that the REMC minutes were provided to the Committee for information. Rigorous discussion took place around all risks on the corporate risk register (CRR).

He noted that he had received an action at the last meeting for REMC to consider adding Healthier Together / GM risks to the CRR. He advised that this would be discussed at the meeting on the 18th May.

REMC had begun to flag emerging risks and had done so in relation to a risk around documentation. This had been taken to the Q&S Committee for discussion. There had been two main issues identified around general documentation behaviours and the transition from paper documents to HIS. There were plans in place to address these but there still remained some risk. The Committee asked for assurance that the action plan in place could adequately address the risks.

ACTION: Assurance to be provided to the Committee that the action plan in relation to documentation would address the risks identified

10. INTERNAL AUDIT

a. Internal Audit progress report

L Warner advised that work had commenced now on the 17/18 plan. She requested Audit Committee support for a change to the Audit plan as MIAA had been asked by the Trust to undertake a review of the CQC action plan. This was supported by the Committee.

She advised that there were four completed reports for the Committee's consideration:

Theatres stock

This had been given overall significant assurance. However it was noted that whilst stock control processes were adequate, they were currently manual and there were some risks inherent to this. The review had also identified some gaps in relation to policies and procedures for theatre stock management. The report and recommendations had been accepted by the WWL management team.

Key Financial Systems

This had been given overall significant assurance. The Trust systems were generally felt to be robust however the review identified that a considerable amount in invoices had been processed without following the proper purchase order process. A number of recommendations had been made to the management team which had been accepted.

IG Toolkit

This had been given overall significant assurance. The review found that, from a sample of 15 of the requirements, there was sufficient evidence to substantiate the scoring for 12 of the

requirements. There were 3 requirements that required further evidence to substantiate the scoring but it was noted that work was being undertaken around this.

Capital Programme Management

This had been given overall significant assurance. There was a good governance structure in place around the capital programme and steps taken to prioritise capital spend had been strengthened. However, there were some recommendations made in relation to the keeping of business case records and the estimation of costs in business cases.

The Committee thanked MIAA for four excellent reports and was heartened by the significant assurance around each. However, further assurance was requested around the invoices paid outside of the formal purchase order process and the mitigations in place.

ACTION: A report to be taken at the next meeting to provide assurance around invoices paid outside the formal purchase order process

b. Tracking report

L Warner presented the tracking report to the Committee. She noted that good progress was being made in terms of clearing actions from previous reports.

The Committee requested an update on laser safety training for laser operators at the next meeting.

ACTION: An update to be provided on laser safety training at the next meeting

c. Draft Head of Internal Audit Opinion

The draft report was presented to the Committee. The opinion was one of overall significant assurance. The final report would be brought to the next meeting.

The Committee were pleased to note the opinion.

d. Internal Audit Charter

The report was received and noted by the Committee.

e. MIAA Insight papers

The report was received and noted by the Committee.

11. EXTERNAL AUDIT

P Hewitson provided an update on interim testing. He noted the process was progressing well so far and there had been no major issues identified to date.

The Committee looked forward to the final opinion at the next meeting.

12. COUNTER FRAUD

a. Annual Report 16/17

The report was received and noted. C Ryan advised that it had been a year of significant activity. She felt that awareness was now embedded at the Trust and it was pleasing to note staff raising their concerns.

The Committee thanked C Ryan for the summary report and for the excellent work undertaken.

b. Fraud Survey Report

The report was received and noted. The Committee were pleased to note an encouraging result from the survey.

13. CHAIRS REPORTS OF OTHER SUB COMMITTEES

The Committee received and noted the reporting Committee Chairs reports.

14. SINGLE TENDER WAIVER REQUESTS

Single tender waiver requests were received and noted.

15. ANY OTHER BUSINESS

The Committee approved in principle the SOP for the Disposal of Equipment.

16. KEY SUCCESSES / RISKS

Key successes were agreed to be:

- Good financial reporting and strong financial management of the Trust in 2016/17
- Theatres stock control given significant assurance
- Key financial systems given significant assurance
- Information Governance toolkit was given significant assurance and rated as 'adequate'
- Capital Programme Management was given significant assurance
- MIAA issued an audit opinion of significant assurance
- Prompt action being taken by REMC in terms of identifying and actioning risks
- Anti-Fraud Report for 2016/17 identified good progress being made to raise staff awareness
- Audit Committee reviewed by MIAA is judged effective

Key risks were agreed to be:

- Manual stock control systems are open to a greater degree of error
- £100m of invoices are being paid within the Trust without official orders being in place and the process is not fully compliant with Standing Financial Instructions
- Although a Network Security Policy has been agreed to comply with Information Governance, the system level security policy is still in development
- A recent anti-fraud survey has highlighted a number of concerns raised by staff. The Audit Committee is referring this to Exec Comm Cell for consideration
- Failing of documentation has been identified as a strategic risk for the Trust by REMC.

17. COMMITTEE EFFECTIVENESS FEEDBACK

C Hudson thanked all for their attendance and input into what had been some excellent discussions. It was agreed that the Committee had effectively stuck to time without skimping on the opportunity for debate.

18. DATE AND TIME OF NEXT MEETING

24th May 2017, 9.30am, THQ Boardroom.