

**Minutes of Audit Committee Meeting**

**12 January 2012**

**Executive Meeting Room, Watford General Hospital**

**Committee Members**

Sarah Connor (SC) Chair, Non-Executive Director  
Mahdi Hassan (MH) Non-Executive Director

**Also attending**

Colin Johnston (CJ) Medical Director  
Anna Anderson (AA) Director of Finance  
Clare Stafford (CS) Deputy Director of Finance  
Dave Self (DS) Financial Controller  
Patricia Duncan (PDu) Company Secretary/Asst Dir of Governance & Risk  
Nick Egginton (NE) (part) Clinical Governance and Quality Assurance Manager  
Liz Wright (LW) IA RSM Tenon

Richard Lawson (RL) EA, Grant Thornton  
Paul Dossett (PDo) EA, Grant Thornton  
Miguel Souto Assurance Co-ordinator (Minutes)

<b>Agenda Item</b>	<b>Comment</b>	<b>Action</b>
	<b><u>OPENING ITEMS</u></b>	
01	<b>Chair's Opening Remarks</b>  SC opened the meeting and welcomed the members of the committee and those in attendance.  SC noted until Stuart Lacey's replacement is appointed there will only be two Non-Executive Directors present at this meeting, however the Committee is still quorate.	
02	<b>Apologies</b>  Tim Merritt	
03	<b>Declarations of Interest</b> None reported.	
04	<b>Minutes of the previous meeting</b> The minutes of the meeting on 10 November 2011 were approved.	

05	<b>Matters Arising and Action Log</b> The Committee was briefed on progress in: finalising the IA deep dive review of the BAF; Capital Planning vis-a-vis risks; Bribery Act actions; and EA report on IT All other actions were cleared or covered on the agenda, or carried forward to the March meeting.	
	<b>Ensuring Quality and Governance</b>	
06	<b>Integrated Risk and Governance Committee</b> As both NEDs attended IRGC, it was not necessary to update the Committee. Following the discussions held earlier at IRAGC, SC confirmed to CJ that IRAGC does not have to report into the Audit Committee, instead it should keep the Committee briefed on emerging issues. As MH is the chair of the Committee this should be a relatively organic process. MH reiterated that he favoured a “light touch” approach to avoid over bureaucracy.	
07	<b>CQuAC report</b> CJ briefed that CQuAC will not report directly to the Audit Committee, but instead will keep the Committee informed by means of a formal report to IRGC, which will in turn brief Audit Committee. SC expressed concern that the Committee may not be aware of major risks, however CJ provided assurance that the major issues will still come through, citing maternity as a recent example of this.  MH reiterated role of Board Committees should be scrutiny and assurance but without overstepping onto the operational matters, as there is a risk that this can take away ownership and responsibility for issues.  SC asked that Committee be kept informed about clinical audit, to ensure that the overall clinical audit process is working and to be updated by exception on any issues or red reports. CJ and PDu confirmed there was nothing to report on clinical audit at this meeting.	
08	<b>Finance Report</b> AA advised that we are going through the Historical Due Diligence process. There have been some questions on the LTFM.  PDo stated that financial reporting in the Trust works well and that the governance structures are further developed here than in other trusts in the region.	
09	<b>Assurance framework</b>	

	<p>PDU confirmed that the BAF was not yet completely updated because of annual leave and the HDD, but the fully updated version will be presented to the Board on the 26<sup>th</sup> January</p> <p>There had been some discussion about risk scores at IRGC.</p> <p>MH asserted that the BAF takes a step towards a more holistic approach to assurance, but it is not quite there. He emphasised the importance that people are aware of the risk and that appropriate actions are taken to manage the risks. CJ advised that IRGC provides objective validation to avoid people merely giving risks a high score to bring attention to their issue.</p> <p>SC enquired about the risk regarding the faulty maternity lift, which had been on the previous risk register. PDU advised the issue has not yet been fully resolved. PDU will liaise with estates to get an update on this.</p>	<p><b>PDU to get update from Estates on lift issue</b></p>
10	<p><b>CQC registration</b></p> <p>CJ updated that our registration is not fully compliant following a minor non compliance issue being determined following the Unannounced Visit to A &amp; E on 2 November. An action plan is in place to address the reasons for non compliance which relate to support for junior doctors by middle grade posts between the hours of midnight to 8.00 am.</p> <p>CJ confirmed that, apart from this, we are doing well with our CQC compliance, having had a number of visits, including to Starfish and the UCC and early in the year the A&amp;E. The regulator provided very positive feedback.</p>	
11	<p><b>Statement of Internal Control</b></p> <p>PDU advised that she had yet to formalise the summary of control issues. PD was asked to provide an update of last year's internal control position and a note of any issues this year so far.</p>	<p><b>PD to provide an update of last year's internal control position and a note of any issues this year so far.</b></p>
12	<p><b>LCFS Progress Report</b></p> <p>MH enquired whether any of the reactive investigations indicated systemic risks. AA confirmed that they did not.</p>	
13	<p><b>Review Clinical Audit Plan</b></p> <p>SC commented that the plan showed continued improvement in clinical audit.</p> <p>NE reported that the Clinical Audit team has met up with most clinical leads in each speciality to discuss their</p>	

	<p>audits NE noted the current audit process is manual and there is a review underway of the Optimum system potential for clinical audit. PD noted this will improve the experience for clinicians undertaking audit activity.</p> <p>CJ stated that clinical audit is currently under resourced.</p> <p>NE highlighted that clinicians are being encouraged to feed their audits centrally through the Audit team. A medical note puller has been appointed to encourage their cooperation by retrieving medical notes. He said that cancer and stroke audits tend to be better resourced than smaller audits.</p> <p>AA affirmed that there is potential to obtain more data from the Trust's IT systems that could support the clinical audit process.</p> <p>PDo noted that Monitor is seeking to use Clinical Audit as a key assurance process and that the Trust is making good progress. NE emphasised the importance of clinical audit as it is also part of the NHSLA standards and ultimately of CQC assurance.</p> <p>SC enquired about RAG scoring for clinical audits, PDU responded that audits will have an assurance statement.</p> <p>NE confirmed that the Clinical Audit Plan for 2012-13 will be on the agenda for the March meeting of the Audit Committee.</p>	
14	<p><b>External Audit Progress Report</b></p> <p>Grant Thornton are finalising reports on SLR and Clinical Audit, based on client surveys.</p>	
15	<p><b>Approve External Audit Plan and fees</b></p> <p>RL presented the audit plan for the 2011/12 financial statements and Value for Money (VfM) reports, which was discussed and agreed.</p>	
16	<p><b>Internal Audit Progress Report</b></p> <p>LW confirmed that the 2012/13 Audit Plan will be presented to DSG before being brought to the March meeting of the Audit Committee.</p> <p>SC requested that the audits should be spread out as much as possible to avoid overloading meetings later in the financial year.</p>	

	4 audits from the 2011/12 programme were brought to this meeting, 3 “green” and 1 “amber / green”, with a total of 6 “low importance” recommendations.	
17	<b>Review of Limited Assurance Reports</b>  There were no limited assurance reports.	
18	<b>Overdue Audit Recommendations</b>  1 internal audit recommendation is just over 1 month overdue and 1 is just overdue – both are promised for completion by the end of January.	
19	<b>Review Commercial Sponsorship and Advertising Policy and Compliance</b> This policy was approved in 2011 with agreement that Audit Committee would monitor compliance. It was agreed that a report on processes to ensure compliance and monitoring of compliance would be carried over to the March agenda.	CS to report to March meeting
20	<b>Review of losses and compensation register</b>  MH enquired what the procedure is for chasing losses that have been outstanding for some time. DS confirmed that all legal avenues are explored until the amount is recovered or recognised as irrecoverable. Legal support is on a “no win, no fee” basis and bailiffs are also employed in the process.  AA advised that, in trying to recover money from overseas defaulters, the Trust has been working closely with the UK Borders Agency to ensure that these individuals are refused re-entry into the country.  SC commented that we must ensure that cash loss processes are as robust as possible, recognising the trade-off between process cost and losses written-off.	
21	<b>Review Waiver Register</b>  Committee members asked for the summary report information to be a table by Division and supplier, with brief information on what the products / services are.  SC commented that a NED had felt that it was always a better deal to go to tender than rollover IT contracts. AA	AA to explore moving to tender instead of rollover contracts for IT.

	<p>to explore this further.</p> <p>Regarding “no alternative suppliers”, SC requested separate reason codes to avoid individuals waiting until the last minute and going with the same supplier, to separate these from when there really are no alternatives.</p>	
22	<p><b>Gifts &amp; Hospitality Register</b></p> <p>No updates had been received. PDu gave account of some gifts to be rejected as deemed inappropriate.</p>	
23	<p><b>Audit Committee Annual Workplan</b></p> <p>SC briefed a number of amendments to the previous year's workplan, which were agreed.</p> <p>The workplan will be updated and taken to the January Board meeting</p> <p>-</p>	<p><b>PDu to take to January Board</b></p>
24	<p><b>Review members' contact with organisation and executive/members' training needs</b></p> <p>SC confirmed that this should be carried forward to next meeting, pending additional NED joining.</p>	<p><b>PDu to carry forward to next meeting</b></p>
25	<p><b>Members to agree content of report to Boards</b></p> <p>No items of concern to note – the report will cover business and discussions.</p>	
26	<p><b>Any Other Business</b></p> <p>AA highlighted that DS had won the Trust's Unsung Hero of the Year award.</p>	
27	<p><b>Date of next meeting (s)</b></p> <ul style="list-style-type: none"> <li>• 8 March 2011, Executive Meeting Room, Watford General Hospital</li> <li>• 10 May</li> <li>• 6 June special meeting re accounts</li> <li>• 13 September</li> <li>• 8 November</li> </ul>	

**Patricia Duncan**

Company Secretary  
January 2012

***Signed.....Dated.....***

***Sarah Connor, Chair & Non Executive Director***