



AUDIT COMMITTEE (AC)

Open BoD 13.02.19
Item 16ci

Minutes of the meeting of the Audit Committee of the Board of Directors of Sheffield Health and Social Care NHS Foundation Trust, held on Tuesday, 16 October 2018 in Committee Room 2, Old Fulwood Road, Sheffield, S10 3TG

Present:

1. Ms. Ann Stanley, Non-Executive Director, Chair of Audit Committee
2. Cllr. Olivia Blake, Non-Executive Director
3. Ms. Sandie Keene, Non-Executive Director, Chair of Quality Assurance Committee

In Attendance:

4. Mr. Phillip Easthope, Executive Director of Finance
5. Mr. Clive Clarke, Deputy Chief Executive/Chief Operating Office
6. Ms. Margaret Saunders, Director of Corporate Governance (Board Secretary)
7. Mr. Tim Thomas, Director, 360 Assurance Internal Audit Service
8. Ms. Ruth Vernon, Client Manager, 360 Assurance Internal Audit Service
9. Mr. Rashpal Khangura, Director, KPMG, External Audit Service
10. Mr. Robert Purseglove, Counter Fraud Specialist, 360 Assurance Internal Audit Service
11. Ms. Anita Winter, Associate Director of Patient Safety (item 5)
12. Ms. Wendy Fowler, Freedom to Speak Up Guardian (item 5)
13. Mrs. Jeanine Hall, PA (Minutes)

Apologies:

14. Ms. Lisa Mackenzie, Client Manager, 360 Assurance
15. Mr. James Sabin, Deputy Director of Finance

No	Item	Action
1	Welcome & Apologies for Absence The Chair welcomed members to the Audit Committee and noted apologies.	
2	Declaration of Interests Cllr. Blake declared an interest in any issues relating to the Trust’s Partnership Agreement with the Local Authority, however, it was determined that these were non-pecuniary and would not require her to leave the meeting during any discussion relating to this item. Mr. Khangura declared an interest in agenda item 7 – Review of External Audit Services and it was agreed that this item would be considered at the end of the meeting and that Mr. Khangura would leave the meeting at that point. No further declarations were made.	
3	Minutes of the meeting held on 17 July 2018 The minutes of the meeting held on 17 July 2018 were agreed as an accurate record and would be received at the November 2018 Open Board of Directors’ meeting for information.	

<p>4</p>	<p>Matters Arising & Action Log</p> <p><u>04-14/05/18 Meeting of the Committee Chair with Internal & External Audit</u> The Chair confirmed that she and other NED committee members had met with representatives from 360 Assurance prior to today’s meeting and that arrangements would be made for a meeting with representatives from KPMG prior to the January 2019 meeting once a date had been agreed for that meeting.</p> <p><u>06-17/07/18 360 Assurance Internal Audit 2018/19 Progress Report – Regulatory Framework Audit: Quality Indicators</u> Mr. Clarke advised that he would be following up this item through the Quality Assurance Committee to ensure it is on that committee’s forward planner.</p> <p><u>14&15-17/07/18 Audit Committee Self-Assessment Outcome – Follow Up Action Plan/Audit Committee Objectives 2018/19</u> The Chair advised that January’s Committee agenda would include an item to review progress against the Committee’s specific objectives.</p> <p>Action Log <u>19/04/18 Whistleblowing – Identification of FTSU Board Champion</u> To be picked up by NED members during next Chair/NED meeting.</p> <p><u>08/05/2018 Board Committees – Review of Reporting Sub-Groups</u> Ms. Saunders advised that she hoped to be able to bring the results of this work to the January Audit Committee meeting.</p> <p><u>14/05/18 AC Chair & Members Meeting in Private with Auditors</u> As reported above. Action Complete.</p> <p><u>04/07/18 Whistleblowing Bi-Annual Report</u> Included on today’s agenda. Action Complete.</p>	<p>CC</p> <p>PE/ Agenda Planner</p> <p>NEDs</p> <p>MS/ Agenda Planner</p>
<p>5</p>	<p>Freedom to Speak Up Bi-Annual Report <i>Anita Winter & Wendy Fowler in attendance</i></p> <p>Ms. Winter and Ms. Fowler provided members with an overview of the Bi-Annual Freedom to Speak Up (FTSU) Guardian Report, which will be received at November’s Board of Directors’ meeting and is being received for the committee’s assurance regarding the availability and awareness of an independent FTSU process within the Trust.</p> <p>It was noted that although the FTSU Guardian role is a relatively new role within the NHS and SHSC and that it has taken time for the role to become established, there are now clear structures and policies in place within SHSC which are reinforced to staff on a regular basis. Ms. Fowler informed members that where necessary she can seek guidance from the FTSU National Guardian’s Office and that any recommendations issued by that Office are reviewed and taken on board/implemented as appropriate.</p> <p>A “Task & Finish” Group has been established to review areas of learning from issues raised through FTSU and ensure that the learning is reflected in the Trust, with a focus on the culture and learning, rather than legal processes.</p> <p>Members were pleased to note that there is an awareness of the FTSU process within the Trust and that it is being used appropriately by staff.</p>	

Ms. Fowler advised that on comparison the Trust is the 10th highest reporter of the 36 comparable Trusts in terms of FTSU for quarter 1 and, whilst nationally there has been a focus on bullying and harassment issues with 30% of cases in other Trusts in this area, SHSC has had only one such referral. It is believed that this is testament to the robust processes already in place within SHSC to deal with such instances. Ms. Fowler confirmed that the majority of concerns raised through the FTSU processes within SHSC are within the patient safety remit.

Members noted that the report provided a breakdown of the FTSU concerns raised for the period April to September 2018, including key themes. In terms of the scope of concerns raised within the Trust and whilst these appear contra to the outcome of the last staff survey results, it was agreed that it will be important to reflect on these themes once the results of the current staff survey are available.

Ms. Fowler, together with Ms. Winter as Head of the Patient Safety Team, are working hard to strengthen the FTSU process, ensuring there is a structured approach to responding to all concerns and that the benefits of this work are now being realised. During the recent CQC inspection, it was reassuring that mention was made on several occasions that staff are familiar with the role of the FTSU Guardian but that it is still important that the Trust continues to raise awareness of this role to all staff.

There is a requirement from NHS Improvement in conjunction with the National Guardian's Office, for the Trust to undertake a FTSU self-assessment and plans are being put in place to complete this self-assessment, the results of which will be reported into the Board of Directors. The completion of this self-assessment will be an area of focus over the next 6 months.

In terms of next steps, efforts are being made to further strengthen the reporting processes, with an emphasis on ensuring that learning from concerns raised is put into practice.

Members acknowledged and thanked Ms. Fowler and Ms. Winter for a very clear and concise report and presentation and were pleased to note that the FTSU role has a high profile within the Trust.

Members noted the level of similarity between some of the issues raised by the CQC following their recent inspection and the issues being raised through FTSU processes and were keen to understand and ensure that the learning from FTSU processes can be linked into the CQC action plans. An assurance was provided that the Patient Safety Team is working to triangulate all pertinent reports and outcomes (CQC reports; FTSU concerns; incidents; complaints etc). Arrangements are also in place for quarterly "Learning from Incidents" events, which will include all these areas and there is a plan in place to develop this learning to improve service delivery. It was also agreed that this needs to be linked into the work being undertaken to develop the Quality Assurance Framework, ensuring there is a clear understanding in respect of what action is needed, monitoring that action and its outcome to ensure it is making a difference.

Committee members acknowledged and welcomed the assurance provided regarding the ability to ensure an independent process is available to follow up any concerns raised through FTSU and that there had been no barriers to securing this independence.

	<p>Members noted the need for the identification of a lead Non-Executive Director for whistleblowing which is part of the national requirement and it was agreed that this would be followed up by NED members as part of the regular Trust Chair/NED meetings.</p> <p>Following questions from members regarding the sometimes lengthy timescales in dealing with and signing off FTSU issues, it was confirmed that initially there were delays in securing timely sign off and closure of issues, however, following introduction of a Standard Operating Procedure (SOP) and actively managing the response and sign off process, improvements are being experienced in response times being more timely and acceptable, whilst ensuring that the correct action has been identified and signed off to the acceptance of the person raising the concern before issues are closed.</p> <p>The Chair noted that the report refers to the mental wellbeing of staff members and whilst physical health is commonly picked up as an issue, she was cognisant of the need from a workforce perspective for there to be a heightened awareness of staff mental health wellbeing and resilience.</p> <p>The Chair thanked Ms. Fowler and Ms. Winter for their report and attendance at today's meeting.</p>	NED
6	<p>KPMG External Audit Progress Report</p> <p>Mr. Khangura confirmed that the 2018/19 External Audit Plan would be received at the January Audit Committee meeting.</p> <p>He advised that the focus of their work at the moment is centred on planning work for this year's audit. Initial meetings have taken place with key finance leads to determine any key issues. At the present time for SHSC there are no specific areas of concern. The main concerns are sector driven relating to management over-ride, fraudulent revenue recognition and potentially the valuation of property, plant and equipment. Pension fund assets will also probably be identified as an area of focus during this year's audit.</p> <p>In terms of the value for money element of the external audit process, the biggest element relates to financial resilience which again is sector driven, and will involve testing out some of the CIP planning arrangements in more detail.</p> <p>Mr. Khangura confirmed that guidance in response of the production and audit of the Trust's Quality Account is still awaited.</p> <p>The Chair thanked Mr. Khangura for this update.</p>	
7	<p>Review of External Audit Services</p> <p>Agreed to defer to end of meeting per earlier declaration of interest.</p>	
8	<p>Update on Internal 360 Assurance Tracker – Planned System Roll Out</p> <p>Ms. Saunders advised that a paper has now been received at the Executive Directors' Group (EDG) explaining the introduction of the Pentana internal audit action tracker. The system has also been trialled within Corporate Governance since the last Audit Committee meeting.</p> <p>In terms of roll out to the rest of the Trust:</p> <ul style="list-style-type: none"> • a data cleanse exercise has been undertaken to ensure action owners are up to date and accurate; 	

	<ul style="list-style-type: none"> • a paper has been received at the Trust Management Group to explain the roll out, provide guidance and set expectations in terms of the use of the system; • current action owners are to be provided with log in details to the system. <p>EDG have agreed that any delay in an action being completed or request for a revised timeframe needs to be escalated through the relevant Executive lead to EDG for follow up.</p> <p>Ms. Vernon confirmed that once the system has been rolled out, 360 Assurance will provide each Audit Committee meeting with a comprehensive update report by action of changes since last receipt. This should now be available to be received from the January meeting onwards.</p> <p>In terms of providing an assurance to Members regarding the maintenance of accurate information regarding action owners given the experience of changes in staff. Mr. Easthope advised that there are three levels of potential escalation for each audit action (action owner; audit lead and the Executive lead). Mr. Easthope and Ms. Saunders also have oversight over all agreed action owners, which enables them to review the detail on the system and escalate any queries regarding outstanding action prior to receipt at EDG. Also, the agreement to escalate any delay in implementation or change of timeframe to EDG will provide an opportunity for review.</p>	
9	<p>Assurance Report – In-Year Tracking of Actions</p> <p>In line with discussion under the previous item, it was reiterated that a report will be provided to each Audit Committee meeting of action changes; actions implemented and progress update. A similar monthly report will also be provided into the Executive Directors’ Group.</p>	
10	<p>360 Assurance Internal Audit 2018/19 Progress Report</p> <p>Ms. Vernon advised that the progress report provides an overview of the work completed since the committee’s last meeting in July, with final reports being issued in respect of Regulatory Framework; Procurement and Business Planning. All three audits received “limited assurance”. The report relating to stage 1 of the Head of Internal Audit (HOIA) Opinion work programme was also issued, which was an advisory review.</p> <p>In terms of follow up reviews, based on the five follow up reviews completed to date, the rate of implementation so far stands at 75%, noting that this is the minimum percentage required to gain significant assurance on this element of the Head of Internal Audit Opinion Statement. In respect of the completion of actions on follow up, Ruth expressed the need for caution as the Pentana system is rolled out as this will probably increase the number of outstanding actions that require addressing. The Chair stressed the need for all action owners; audit leads and Executive leads to be fully aware of the crucial impact lack of follow up action will have on the year-end opinion statement. An assurance was provided that EDG will be providing a watching brief over progress in this area and would escalate issues as necessary.</p> <p>The Chair noted the current completion rate in terms of follow up actions but asked that, given the introduction of the Pentana system, action owners are made aware of the crucial need to ensure all actions are completed; evidence validated and signed off in a timely manner and the impact that any delay on completion may have on the Head of Internal Audit Opinion Statement.</p>	

<p>In terms of proposed changes to plan, Ms. Vernon advised that a request is made to defer a number of audit reviews into quarters 3 and 4 of this year. Following discussion with the Executive Director of Finance, it is proposed that the planned review of Projects and Business Cases are not completed and that consideration is given to a Capital review in 2019/20. Members agreed this change to plan.</p> <p>Members were assured that, although current contract performance stood at 25%, all work is on track for completion in year in accordance with the Audit Plan.</p> <p>Members noted receipt of the 360 Assurance Provider Technical Update which was received for information/noting.</p> <p>The Chair noted that it has also been agreed that future progress reports will include an indication on the overview of the plan whether an audit is considered “core”.</p> <p>General discussion took place regarding the outcome of the audits completed during the period since the last meeting, most notably the Business Planning and Procurement audits. It is acknowledged that the Business Planning audit was undertaken at a time when services were being restructured and that whilst improvements were made this year regarding the overall Board setting of objectives, the Trust needs to corporately manage the process better in the future to ensure there is clear connectivity between all levels of the business planning process and an awareness of what is required.</p> <p>In terms of the Procurement audit, Mr. Easthope confirmed that the appointment of a new Head of Procurement, a clear way forward in terms of the development of the Procurement Service was identified and that the audit report did not necessarily identify any areas of surprise and he assured members that additional controls have now been put in place to address the issues raised during the audit as well as strengthening existing controls. He agreed to request an assurance from the finance and procurement function that these additional and new controls will prevent a reoccurrence of the incidents highlighted during the audit. Mr. Easthope also confirmed that in terms of the Trust’s estates tender process, the circumstances surrounding this issue have been followed up and assurances sought, and it has been reaffirmed that clear documentation and audit trail must be kept in respect of decision making.</p> <p>In response to a question regarding consideration of the Procurement Strategy, it was agreed that the Chair and Mr. Easthope would have a discussion outside of the meeting to determine the most appropriate Board sub-committee to receive and consider this document.</p> <p>The Chair thanked Ms. Vernon for providing the report relating to stage 1 of the HOIA opinion work, noting that this included some suggested actions in respect of the BAF development. She felt that these suggestions need to be considered in terms of the intended refresh of the Risk Management Strategy and asked that these are taken into account accordingly.</p> <p>Members noted receipt of the progress report.</p>	<p>360</p> <p>PE</p> <p>AS/PE</p> <p>MS</p>
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11	<p>Counter Fraud, Bribery & Corruption Progress Report</p> <p>Mr. Purseglove presented his progress report on work completed to date in respect of the 2018/19 plan.</p> <p>He referred to a recent instance of mandate fraud which had occurred elsewhere in the country and provided an assurance to the Committee that the Counter Fraud Service has increased their alert processes in terms of notifying clients and keeping them informed of potential fraud approaches and that SHSC have robust processes and procedures in place locally.</p> <p>Mr. Purseglove noted that he continued to discuss the pressure on and use of the “hold to account days” on a regular basis with Mr. Sabin and his progress report provides a clear indication of the use of these days during the year.</p> <p>It was confirmed that there is a good level of awareness of counter fraud demonstrated within the Trust and as agreed at the last meeting discussions are continuing with Mr. Sabin regarding the provision of specific counter fraud training.</p> <p>Further to a query regarding the potential timeframe for some of the current cases to be completed and the impact that this may have on the service; as well as the Trust, Mr. Purseglove advised that a working together protocol with Human Resources is in place but is currently under review. He also maintains an increased dialogue with Human Resources to ensure that the parallel sanctions (disciplinary and criminal) progress in a timely manner.</p> <p>Members noted receipt of the progress report.</p>	
12	<p>Counter Fraud, Bribery & Corruption Policy</p> <p>Members received the redrafted Counter Fraud, Bribery & Corruption Policy for approval. Mr. Purseglove confirmed that the policy had been received through the Trust’s Policy Governance Group after having been updated to meet the NHS Counter Fraud Authority policy template.</p> <p>Changes to the current policy had been highlighted for members’ ease of reference.</p> <p>The following amendments were requested:</p> <p>Section 7 Duties – Trust Board: amend the paragraph to read The Trust Board, which includes Non-Executive Directors) provide clear and <i>(there after reference should just be to the Trust Board).</i></p> <p>Section 7 Duties – Director of Finance: amend the paragraph to read The Director of Finance (DoF) has delegated authority to approve financial transactions as defined by the Trust’s Standing Financial Instructions, Standing Orders and Scheme of Delegation.</p> <p>Allowing for these amendments, the Committee approved the policy.</p>	<p>RP</p> <p>RP</p>
13	<p>Internal Audit Plan 2019/2020 – Determine Process for Development & Agreement</p> <p>Noted that in previous years a workshop has been arranged for key officers to meet (facilitated by 360 Assurance), provide guidance and determine the setting of the audit plan for the coming year.</p>	

	<p>Mr. Thomas confirmed that the workshop process utilised previously is one that is preferred by 360 Assurance and one that works well. He also noted that 360 Assurance would attempt to bring to the workshop ideas on potential work across their client base to provide greater value in some of the areas of their work in the coming year.</p> <p>Following brief discussion it was agreed that the same approach should be used for the 2019/2020 plan and that arrangements will be made to hold the workshop during January prior to the January 2019 Audit Committee meeting.</p>	JCH
14	<p>GDPR Progress Report</p> <p>Members noted receipt of the GDPR strengthening update progress report. Mr. Easthope confirmed that the Trust is currently compliant with GDPR requirements as at May 2018 and continues to progress along the development/improvement trajectory. Further guidance regarding GDPR requirements for 2018/19, particularly around year-end and the replacement of the IG Toolkit, is awaited. Once confirmed by NHS Digital a further assessment will be undertaken against the new baseline.</p> <p>Mr. Easthope advised that this update has also been received for assurance at the Trust's Digital Information Governance Board and Executive Directors' Group. He further advised that whilst there are still a number of GDPR areas where work is progressing, the SIRO (Senior Information Risk Owner) report, which is received by the Finance, Information & Performance Committee, will provide an overview of any relevant incident and subsequent action taken and Mr. Easthope is assured that this process is currently fit for purpose.</p> <p>Following a query raised in respect of the "status" commentary on page 4 of the report, Mr. Easthope agreed to provide further clarification in future reports regarding the meaning of these status comments.</p>	
15	<p>360 Assurance Operational Risk Management Audit – Action Plan Update</p> <p>Ms. Saunders presented an update on the actions arising from the Risk Management Audit undertaken earlier in the year. She confirmed that all evidence has been submitted to 360 Assurance in order to complete the actions and that this has subsequently been accepted by 360 Assurance. As a result the risk was de-escalated in September following discussion at EDG. Ms. Saunders confirmed that work will continue to ensure that risk management continues to be embedded within the Directorates and at all levels of the Trust.</p> <p>Ms. Vernon advised the committee that this audit would be repeated late December to follow up on how effective the actions put in place have been in terms of realising improvements in the overall process. The Committee welcomed this approach.</p>	
16	<p>Risk Management Strategy Refresh</p> <p>Further to previous agreement that the Trust's Risk Management Strategy (RMS) should be refreshed, Ms. Saunders confirmed that action is already underway to complete the review process. It was agreed that the refreshed strategy would be reviewed by Audit Committee at the January meeting, prior to receipt and approval at February Board.</p> <p>The Chair requested that consideration is given within the RMS to the escalation process, where appropriate, of a CRR item onto the BAF.</p> <p>She also asked that consideration be given to the appropriate escalation of any</p>	<p>MS</p> <p>MS</p>

	<p>The Chair also requested that risk 3831 which is described as “risk that levels of Registered Nurse vacancies may adversely affect the quality and continuity of care provided in the acute wards” also be considered by EDG as to whether this should be escalated to the BAF.</p> <p>The Committee noted the report and acknowledged the work being undertaken to improve the information provided.</p>	MS
19	<p>Any Other Business</p> <p>i. <u>Single Tender Waiver – Replacement Archive Storage Unit</u> Members received and noted the issue of a single tender waiver in respect of replacement archive IMST storage. Mr. Easthope confirmed that following discussion at Business Planning Group earlier today, he has asked for an assurance that risk associated with the legacy IMST infrastructure is an active and up to date risk on the IMST Departmental Risk Register and escalated accordingly and he is due to review this at his next 1-1 supervision session with Ms. Haywood-Alexander.</p> <p>ii. <u>2019 Audit Committee Meeting Dates</u> Members received and approved the list of 2019 Audit Committee dates, noting that May’s meeting may be subject to change following confirmation of the 2018/19 Annual Accounts Timetable.</p> <p>With respect to the April 2019 meeting and the receipt of year-end documents, the Chair stressed the need for extra vigilance to ensure that all documents are available in good time for members’ consideration prior to the meeting taking place on the 23rd and that the year-end planning documents take this into account.</p>	
20	<p>i. Significant Issues Report The following items were highlighted for inclusion in the Audit Committee’s significant issues report to the Board of Directors:</p> <ul style="list-style-type: none"> • Freedom to Speak Up Bi-Annual Report • 360 Assurance Progress Report – Three “Limited Assurance” Audit Reviews; which the Chair confirmed would also be received at the relevant committee; • Board Assurance Framework • Corporate Risk Register • Risk Management Strategy Refresh – noted that the strategy was to be refreshed and that particular note was made of the need to incorporate the potential to escalate items from CRR to BAF. <p>ii. Changes in Level of Assurance It was confirmed that the Committee had considered the BAF and discussed key areas.</p> <p>The Committee re-affirmed the challenge in respect of the CRR, particularly highlighting risk 4021 for further consideration by WODC and EDG.</p> <p>At the present time there were no changes in the level of assurance.</p> <p>iii. Review Future Meeting Agenda</p>	

	<p>The meeting reviewed the future agenda planner. The Chair noted that January's AC meeting was scheduled to receive the assurance reports from other committees in order to inform the AC's annual report into the Board and questioned whether this was too early. She asked that Ms. Saunders review the timing of this item.</p>	MS
	<p>The Chair also advised Committee of Board agreement that the remit of the Audit Committee would include the Trust's Emergency Planning & Preparedness framework compliance arrangements. This has been added to the planner and will be added to the terms of reference for this committee at their next refresh.</p>	MS
21	<p>As previously agreed, Mr. Khangura left the meeting prior to this item.</p> <p>Review of External Audit Service Mr. Easthope advised that the current contract for External Audit Service is in the first year of an agreed two year extension. He asked that the Committee acknowledge the timeframe and agree to proceed with initial arrangements for a tender process. It is important that the Committee has a clear agenda for this process; a clear understanding of what quality looks like and how that may impact on any future tender process.</p> <p>With an anticipated tender process during the Summer 2019, it is proposed that Mr. Sabin is requested to prepare a paper for January's Audit Committee meeting of the timescales and the worked up detail of the proposed tender process. Noted that liaison will be required with the Council of Governors regarding this process as ultimately it is a Governor appointment and it was agreed that once an initial timeframe is available that this be shared with the Governors for their input regarding panel nominations.</p> <p>The Chair noted that whilst she and the other NED members meet in private with representatives from external audit this is not formally a part of the contract and consideration should be given as part of the new tender process as to how review against delivery on contract can be built in.</p>	<p>JS</p> <p>JS</p>

**Date and time of next meeting:
Tuesday, 22 January 2019 at 1.00 p.m.**

Tudor Board Room, Tudor Building, Fulwood House

**Apologies to: Jeanine Hall, PA to Executive Director of Finance
& Chief Executive
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