**Audit Committee**

**Minutes of the meeting held on 05 February 2020 at 09:30
in the Ascot Room, Corporate Services Building, Littlemore Mental Health Centre, Littlemore, Oxford OX4 4XN**

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| **Present[[1]](#footnote-1):** |  |
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| Lucy Weston | Non-Executive Director (the **Chair/LW**) |
| John Allison | Non-Executive Director (**JA**) |
| Chris Hurst | Non-Executive Director (**CH**)**AC 23/2020**(Agenda item: 12(a)) |
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| **In attendance:** |
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| *External Audit – Grant Thornton UK LLP:* |
| Iain Murray | External Audit – Engagement Lead, Grant Thornton (**IM**) |
| *Internal Audit – PwC LLP:* |
| Sasha Lewis | Internal Audit – Director and Engagement Lead, PwC (**SL**) |
| *Counter Fraud – TIAA:* |
| Melanie Alflatt  | Counter Fraud – Director of Fraud and Security, TIAA (**MA**) |
| Arti Scott  | Counter Fraud – Senior Counter Fraud Manager, TIAA (**AS**) |
| *Oxford Health NHS FT:* |
| Mike McEnaney | Director of Finance (the **DoF/MME**)  |
| Kerry Rogers | Director of Corporate Affairs & Company Secretary (the **DoCA/CoSec/KR**)  |
| Mark Underwood | Head of Information Governance (**MU**) – *part meeting* |
| Martyn Ward | Director of Strategy & Chief Information Officer (the **DoS/CIO/MWd**) - *part meeting* |
| Hannah Smith | Assistant Trust Secretary (the **ATS/HS**) (Minutes) |

The meeting followed a private pre-meeting between the Committee members, Internal and External Auditors and Counter Fraud.

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| **1.**ab | **Welcome and Apologies for Absence**Apologies for absence were received from Bernard Galton.Apologies were also received from regular attendee Stuart Bell, Chief Executive. |  |
| **2.**a | **Confirmation of items for Any Other Business**The Chair confirmed that no items were expected in Any Other Business. |  |
| **3.**abcdefghijkl | **Minutes of the Meeting held on 03 December 2019 and Matters Arising**The Minutes of the meeting at AC 01/2020 were approved as a true and accurate record.***Matters Arising*****Item 5(i) Impact of approach to budget setting and Cost Improvement Programme/Productivity Improvement Programme (CIP/PIP) on achievement of objectives**Chris Hurst clarified that the action was for the Director of Finance to reflect on whether the current approach to budget setting and CIPs/PIPs could be undermining achievement of objectives; the earlier in the year that budget setting and review of resources could be done, rather than waiting for timelines set by regulators, the better this could highlight where the Trust might be spending more than it could afford. The DoF replied that the Finance & Investment Committee (**FIC**) had recently received a presentation on budget-setting and the annual budget at its meeting on 22 January 2020. Chris Hurst replied that it could remain an issue if budgets were posited on outturn figures as this did not necessarily incentivise or reward people for managing their budgets. However, he acknowledged that further to the presentation to the FIC, he had been reassured that a sensible approach was being taken. In response to a query from the Chair, Chris Hurst confirmed that it was part of the remit of the FIC to keep the budget, CIPs/PIPs and appropriate involvement of clinical staff and effectiveness of arrangements under review. The DoF confirmed that it was the intention to involve all Service Directors in budget-setting and run through budgets service by service in order to identify risks and opportunities. The Chair emphasised the importance of directorate involvement in budgets and CIP setting, recommending that each head of service be invited to discuss budgets with Executives and Non-Executives. **Item 6(c) Progress on completing overdue/outstanding Internal Audit actions**The DoF reported that some progress had been made in reducing overdue actions, as would be presented on at item 7 below, but this was still work in progress. **Item 10(c)-(d) Updates to the Single Action Tender Waivers report**The DoF confirmed that the updates requested to the report had now been made and included at paper AC 12/2020. An explanation as to why Procurement had not been consulted in certain cases had also been included. **Item 4(b) from 10 September 2019 – Fire Safety Report**The Committee discussed the response to the action and whether it was satisfied to wait until September 2020 for the next report. Chris Hurst noted that he would be satisfied with this, especially as the last report had demonstrated reasonable progress being made, if he could also be assured that issues or instances of progress not remaining on track would be escalated if needed. Action for the ATS to request that the Nursing & Clinical Governance Team cover Fire Safety in the next Safety escalation report to the Quality Committee, this could then be shared with the Audit Committee in advance of more detailed standalone reporting on Fire Safety. **Item 7(d) from 10 September 2019 – Data Centre**Further to the update in the Summary of Actions document, the DoS/CIO added that the plan to migrate the Data Centre had progressed through the Capital Programme Sub-Committee and was pending review by the Executive (as part of the Trust’s 4-year financial plan). The Chair acknowledged the update and that capital investment in IT was being progressed, especially further to the incident in October 2019. **Item 2(c) from 19 February 2019 – updated Audit Committee Terms of Reference** The Committee requested that the updated Terms of Reference which had been provided to the meeting at paper AC 01(iii)/2020 be brought back/be available at the next meeting in case of final comment. The Committee noted that the following actions were to be progressed:* 4(g) Clinical Audit processes to be discussed with the Quality Committee Chair; and
* 2(b) from 19 February 2019 - joint membership of the Audit Committee and Quality Committee.

The Committee noted that the following actions were on hold and scheduled for later completion:* 4(d)&(i) earlier Clinical Audit annual reporting; and
* 4(h) Clinical Audit action plan, pending new joiner in post in the Clinical Audit team.

The Committee confirmed the following actions had been completed or were on the agenda:* 3(a) – Minutes amended;
* 3(c) – Committee’ concerns in relation to overdue Internal Audit actions had been reported to the Board meeting on 04 December 2019;
* 5(j) – update on budget setting process was provided to the FIC on 22 January 2020 and Non-Executive Directors (including those not members of the FIC) were invited to attend and materials shared;
* 6(c) from 10 September 2019 – the Data Quality Strategy was on the agenda for the meeting at item 4 below; and
* 6(g) and 7(f) from 10 September 2019 – risks around data quality and data management – completed and updated on the Board Assurance Framework and Trust Risk Register.
 | **MMcE****HS/JK****HS** |
| **BUSINESS ITEMS** |
| **4.**abcde | **Data Quality Strategy**The DoS/CIO presented the paper AC 02/2020 which set out the draft Data Quality Strategy. He referred to section 2 in the strategy on ‘Purpose’ and noted the importance of improving data quality, given past concerns about recording onto data systems, and that this was the first time that the Trust had had such a strategy which provided a comprehensive view for the organisation from which an effective plan could be devised. He invited comments upon the draft from the Committee. John Allison commented that the strategy may be more useful if it focused upon providing a clear and simple set of instructions for those required to operate data systems. The DoS/CIO replied that this was part of the data quality work taking place but that comprehensive instructions on how to use IT and other systems were separately provided through a series of standard operating procedures, rather than in the strategy document. The Chair noted that John Allison’s comment may relate to the next stage in the process of managing data quality more effectively. However, she noted that the strategy document may be helpful in changing the culture of the organisation, providing a consistent starting point for data quality and ensuring that more cultural importance was attached to data quality. Chris Hurst added that the strategy document may be helpful as part of the toolkit for staff to understand and refer to in order to explain why data quality was important. The DoS/CIO agreed that the strategy document should be the starting point to convey a clear message about data quality which staff could understand and refer and link to. John Allison commented that if the strategy could, in this way, help staff to do their jobs and assist with decision making and understanding relative priorities then he would consider it more credible. The DoF noted that the message to staff should not imply that the amount of data they would need to deal with would be reduced because even through more effective management, this was unlikely to happen and an unrealistic goal to set. The reality which staff were experiencing was that every year there was more data to process. Therefore, the challenge should be how to set up systems to cope with more data and to collect it consistently, accurately and in a timely manner in order to be able to use it to more benefit. The DoS/CIO agreed that the amount of data which the organisation would be required to deal with was likely to increase but that the development of the strategy was to help staff to understand what their responsibilities in relation to it were. John Allison suggested a change of emphasis and noted that the issue may be more with decisions being made based on the wrong data, rather than just because there was too much data; he emphasised the importance of filtering out inaccurate or misleading data and being able to focus upon quality data to support decision-making. The Committee reviewed the draft strategy and suggested:1. amending section 1 (Introduction) to clarify that ‘measurement’ of activity and performance equated to using information gathering to analyse how effective processes were. The Committee had noted that ‘measurement’ by itself was not a Trust function and instead might be considered to overlay all the items in the bullet-point list;
2. expanding section 5 (Benefits of good data quality) to also acknowledge the importance of: (i) being well informed e.g. by adding to the second bullet point (addition in *italics*) “Informed strategic development *and business decision-making*”; and (ii) contract management;
3. amending section 6 (Strategic Aims) as the current points on ‘People and Skills’ and ‘Training’ overlapped and it may make more sense to reconfigure so that ‘People’ focused upon accountability whilst ‘Skills’ combined with ‘Training’. The point on ‘Monitoring and reporting’ may also need expanding in order to explain that the focus should not just be upon compliance but also improving decision-making;
4. considering whether section 7 (Implementation) should also refer back to Section 6 (Strategic Aims) and cover implementation of Strategic Aims;
5. in section 8 (Training & Guidance) – ‘Awareness’ might more accurately be described as an outcome of the training available; and
6. considering whether to include a section on the budgetary implications of the data quality work/new focus on data quality. The Chair cautioned that if additional budgetary requirements were not set out then this could risk jeopardising delivery of the strategy; the development of the new strategy was an opportunity to set out what would be required to implement successful cultural change, especially within the wider context of the Trust’s long term financial plan.

**The Committee noted the draft Data Quality Strategy**.  | **MW** |
| **5.**abcd | **Productivity Improvement Programme (PIP) (formerly Cost Improvement Programme (CIP))** The DoS/CIO presented the report AC 13/2020 which provided an update on current progress of the 2019/20 PIP and progress against the recommendations from the Internal Audit review. He explained that PIP plans were being developed with Directorates and highlighted that a 4-year PIP proposal was being developed (rather than the usual 2-year proposal). John Allison commended the useful work which was taking place to develop the PIP. Iain Murray noted that it was also encouraging that the Trust was planning more than 2 years into the future on PIP. **The Committee noted the report**. *The DoS/CIO left the meeting*. *The Head of Information Governance joined the meeting.*  |  |
| **INTERNAL AUDIT** |
| **6.**abcd | **Internal Audit – update on draft report on Information Governance**Sasha Lewis provided an oral update and noted that the draft report planned as paper AC 03/2020 was not yet available and had not yet been shared with the Committee but that Internal Audit had assessed the evidence to support the planned Information Governance Toolkit submission (due at the end of March, hence the timing of this review report) and made three ‘low risk’ recommendations. She explained that the Internal Audit review needed to take place annually and to coincide with when the Toolkit was nearing completion and supporting evidence was available for assessment. The DoF added that discussing progress at this meeting, with an update from the Head of Information Governance, may help to give the Committee assurance that the Trust was on track to deliver the completed Information Governance Toolkit submission for the end of March 2020. The Head of Information Governance reported that the Internal Audit had been based on 50% of the Toolkit, this year concentrating upon continuity planning, IT systems and protection and accountable suppliers. He explained that a substantial amount of evidence was assembled in order to support assertions in the Toolkit which would be completed and submitted by 31 March 2020. He noted that the audit process was very comprehensive and searching in its review of the Trust’s responses and rationale for actions taken over the year and the way in which these were mapped and processed through the Information Management Group. He confirmed that actions were already being taken in response to the three ‘low risk’ recommendations from the draft report in relation to: * continuity planning – the Trust had participated in ‘in a box’ planning and response scenarios and live penetration tests. The Head of Information Governance had also met with the Emergency Planning Lead to schedule continuity planning tests in 2020/21;
* developing a timetable for expected returns across Toolkit assertions – although the Trust already followed a ‘road map’ this had now been further developed to provide an action plan to deliver Toolkit completion in 2020/21; and
* remaining mandatory evidence items – work was ongoing to collect remaining evidence to support Toolkit completion and this would not be signed off until it was clear that the required standards had been met. The Information Management Group would consider the position at its meeting on 12 March 2020.

Sasha Lewis noted that once the draft report had been finalised, it would be issued to the Committee. The Chair added that the final report should also be received at the next meeting in April 2020, together with any other reports which had been finalised during the intervening period. **The Committee noted the oral update**. *The Head of Information Governance left the meeting.*  | **PwC** |
| **7.**abc | **Internal Audit progress report and action tracker**Sasha Lewis presented the report AC 04/2020 with provided an update on delivery of the 2019/20 Internal Audit plan and also tracked the status of outstanding Internal Audit actions from FY18-20. She noted that progress was on track for delivery of the 2019/20 plan and that fieldwork would commence next week on the remaining review for the year (the Community Services Directorate review). Although progress had also been made to close down outstanding actions, Appendix A set out overdue actions for which no updated management responses had yet been received. The Chair requested that the DoF invite any managers who did not provide updated management responses in relation to their overdue actions to attend the next Audit Committee meeting in order to explain. **The Committee noted the report**.  | **MMcE** |
| **8.**abcdef | **Internal Audit Risk Assessment and Plan 2020/21**Sasha Lewis presented the draft Internal Audit Plan 2020/21 at paper AC 05/2020 and explained that this had been developed in discussion with the Executive; she invited comments and noted that a final version should be approved at the next meeting in April. She reminded the Committee that mandatory areas to cover, in order to support the annual Head of Internal Audit Opinion, were, as set out in more detail on page 8: Key Financial Systems; IT; and Corporate and Clinical Governance and Risk Management. Sasha Lewis highlighted that it was also proposed to continue with a focused approach to Directorates and that the Directorate review proposed for 2020/21 would be into Specialised Services (Forensics). The Chair asked why this Directorate had been chosen as she had thought that the Oxfordshire Directorate would be reviewed next. The DoF replied that although the funding issues and demand pressures within Oxfordshire were known and regularly discussed at Board, the Forensic service within Specialised Services merited review as it was responding to a significant degree of change and adapting to new ways of working including provider collaborative working. However, he acknowledged that this proposal was still subject to review and comment. Chris Hurst emphasised the continuing challenge for the Trust in responding to increasing demand for services and asked that this be considered as part of a Directorate review or continue to be an area of focus. Sasha Lewis replied that this may be covered separately as an Internal Audit review from the 2019/20 plan was about to be finalised on Data Quality and Demand and Capacity Planning; the outcome of this may help to inform planning for a future Directorate, or other, review. John Allison cautioned that undertaking an Internal Audit review into an area which was still in the midst of dealing with change may not be as helpful as focusing on the recognised challenge for the Trust in dealing with demand and capacity. The Chair asked how other service areas within the Specialised Services Directorate would be reviewed, in particular Learning Disability services after these had been inherited from Southern Health NHS FT. The DoF replied that there may be scope to also include Learning Disability services as these may also be impacted by changes from taking on provider collaboratives. Sasha Lewis referred to page 10 in the report and the options for the next priority review: Oxford Pharmacy Store (**OPS**) governance; or environment and sustainability arrangements (which was an area of increasing focus for most organisations). Ideas for optional reviews were also listed on pages 11-12, including: a potential Estates, Facilities and Transport review which could also consider compliance with health and safety and fire regulations; workforce e-rostering, which could also be a key topic for many organisations; and pharmacy and medicines management. The Chair noted that next year may not be the most effective time to audit pharmacy if the Trust was about to move to an ePMA (electronic Prescribing and Medicines Administration) system, as auditing a system which was about to become obsolete or a new system which had not yet bedded in may not be the best use of audit resources. John Allison commented that OPS had demonstrated commercial success having been given a degree of freedom and that rather than checking how it was governed, it should be allowed to operate more freely. **The Committee noted the draft Internal Audit Plan 2020/21 and that a revised (final) version would be presented to the next meeting in April.**  |  |
| **COUNTER FRAUD** |
| **9.**abcdefgh | **Counter Fraud progress report**Arti Scott presented the report AC 06/2020 on: counter fraud work for the period 22 November 2019 to 24 January 2020 and in accordance with the NHS Counter Fraud Authority’s ‘Standards for Providers’; an update on investigations; and a client briefing summary. She referred to page 3 in the report and highlighted that the NHS Counter Fraud Authority had released its new counter fraud standards for 2020/21; these were not materially different to last year but would still be relevant for the Trust’s annual Self Review Tool (**SRT**) self-assessment against the ‘Standards for Providers’, which was due for submission at the end of May 2020 (a draft SRT would be presented to the next meeting in April 2020). She referred to page 6 in the report, the update on investigations, and added that the criminal case was anticipated to go to trial with an expected date of April 2020. She also provided an update that a new referral had been received a few days ago relating to three employees alleged not to have worked their contracted hours over the Christmas period, despite having completed their time sheets to the contrary; this would be discussed further with HR in the first instance. John Allison asked about the case relating to residency concerns, referred to on page 5. Arti Scott explained that the case had involved allegations relating to: residency concerns (based on a spousal visa although the individual was no longer living with that spouse); and non-disclosure of past removal from the Nursing & Midwifery Council (**NMC**) register. The DoF explained that although the NMC registration aspect was relevant for the Trust, the visa and residency aspect was for another agency. Melanie Alflatt referred to page 3 in the report and asked about the Trust’s nomination of a Fraud Champion. The DoF replied that this was still under consideration. The Chair asked for updates to the next meeting on: the nomination of the Fraud Champion; and the National Fraud Initiative. The Chair referred to page 5 in the report and asked whether the Trust would participate in phases 2-3 of the NHS Counter Fraud Authority’s procurement exercise (having not participated in phase 1). Arti Scott replied that phase 1 would have been complicated and it had not then been possible for the Trust to participate; however, phase 2 related more to contract management and this could be included in the work plan and may provide helpful best practice guidance. The DoF cautioned that participation was also subject to available resources in the Procurement team; however, he noted that it could also be an alternative option to nominate Procurement to be subject to an Internal Audit review. The Committee reviewed the client briefing summary from page 8 and the Chair asked whether the reverse charge on the way in which VAT was collected in the building and construction industry would impact upon the Trust’s capital projects. The DoF agreed to review and report back. **The Committee noted the report.**  | **TIAA****TIAA/****MMcE****MMcE** |
| **10.**abc | **Counter Fraud Risk Assessment and Strategic Plan 2020/21**Melanie Alflatt and Arti Scott presented the draft Counter Fraud Plan 2020/21 at paper AC 07/2020 and explained that a revised version, updated to a new template format would be presented to the next meeting in April. The Chair suggested that more detail be included to explain the time allocations for the areas of work. The Chair referred to page 9 and asked why a risk had been included in relation to the provision of community and social care services (as a result of a decentralised workforce and risks associated with local practices). Melanie Alflatt replied that although this may not have been indicated as a specific risk for this Trust, TIAA had recognised that this could be a fraud risk area in similar organisations. **The Committee noted the draft Counter Fraud Plan 2020/21 and that a revised (final) version would be presented to the next meeting in April.**  | **TIAA** |
| **Year-end planning for Annual Report & Accounts** |
| **11.**ab | **Annual Accounts timetable 2019/20** The DoF presented the report AC 08/2020 which set out a high-level timetable for production of the Annual Accounts and Annual Report. **The Committee noted the timetable.**  |  |
| **12.**abcde | **External Audit Plan 2019/20**Iain Murray presented the report AC 09/2020 on the planned scope of the statutory audit of the Trust and highlighted two particular areas from the significant risks identified from the preliminary risk assessment (and set out in more detail from pages 5-7): * valuations of Property, Plant & Equipment (given the judgement which could be exercised on the valuation of land and buildings and the possible incentives to reach low valuations in order to reduce capital charges and improve the profit and loss position); and
* Going Concern status and adequacy of disclosures relating to Going Concern. There would need to be consideration of uncertainties, assessment of how material these were and whether/how they should be disclosed in the Accounts. More attention would be required than in previous years given the more challenging financial position and the impact this could have upon available cash, especially as an assessment of Going Concern status would need to cover 12 months from the date of signing of the Accounts (not just the financial year).

He also highlighted a risk, albeit less significant, in relation to the implementation of International Financial Reporting Standard (**IFRS**) 16 on Leases. Although IFRS 16 would be fully implemented by the public sector from April 2020, disclosures against its expected impact were required in the 2019/20 financial statements (as per the detail on page 8). In relation to Value For Money arrangements, the preliminary risk assessment had also identified a significant risk in relation to financial performance and management, as set out in more detail on page 11. This was a similar area of focus to last year, especially considering the challenging financial plan which the Trust had set for 2019/20. The external audit would consider budgeting, financial planning and delivery of PIPs/CIPs. Iain Murray noted that an increase in the audit fee was also proposed and that he would discuss this separately in more detail with the DoF (along with changes made by the National Audit Office to the code of practice). John Allison noted that, on a common sense basis, the proposal appeared entirely reasonable and commented positively upon the detailed work which went into the external audit. **The Committee noted the External Audit Plan 2019/20.**   |  |
| **Assurance** |  |
| **13.**ab | **Standing Financial Instructions (SFIs)**The DoF presented the report AC 10/2020 which provided a further update on progress with the review of the SFIs and next steps before a final version could be brought back to the Committee for recommendation for approval to the Board. He explained that this was still a work in progress and invited any comments to be provided to him out-of-session before the next meeting. The Chair noted that there was nothing contentious in the draft provided. **The Committee noted the draft SFIs and that a revised (final) version would be presented to the Committee in due course.**  |  |
| **14.**abc | **Losses & Special Payments report**The DoF presented the report AC 11/2020 on losses and special payments over the reporting period 01 April to 31 December 2019. He commented upon the benefits payment and noted that if there had not been a delay in completing a clinical procedure then this would not have been an issue; striving to achieve best practice in clinical practice would mitigate this for the future. John Allison commented that the table on page 1 did not add up as the total number of cases should be 39, rather than over 200 and the value amounts also did not appear to add up. The Chair added that figures for stores losses should also be included in the table. The DoF to provide an amended version of the report with a checked and corrected table on page 1. **The Committee noted the report.**  | **MMcE** |
| **15.**abc | **Single Action Tender Waivers (SATWs)**The DoF presented the report AC 12/2020 on SATWs above £25,000 and Single Action Quotation Waivers between £5,000-£25,000 for the reporting period 01 November to 31 December 2019. He noted the increase to SATWs from Estates work which was more to plan this year; he reported that Estates were using framework and existing suppliers and noted that sometimes it was important to maintain consistency in the suppliers used, for example in maintaining windows and doors. The Chair noted that it would be helpful to understand when it was essential to use the same contractor/supplier or when, for example a contract may specify that the same supplier be used. The DoF noted that the report could develop to highlight exceptions and make clear when a SATW may be outside of due process.**The Committee noted the report.**  | **MMcE** |
| **16.**a | **Any Other Business** None. |  |
|  | **Meeting Close: 11:37** |  |
|  | Date of next meeting: 22 April 2020, 09:30-12:00 |  |

1. The quorum is 3 members (all Non-Executive Directors) and may include deputies. [↑](#footnote-ref-1)