

SOUTH LONDON AND MAUDSLEY NHS FOUNDATION TRUST ('SLaM')
MINUTES OF AUDIT COMMITTEE ('AC') MEETING
Tuesday 17th December 2013: 10:15 to 10:45 (non-minuted session) and 10:45 to 12:45
BOARDROOM, MAUDSLEY HOSPITAL, DENMARK HILL
Draft for comment

AC MEMBERS

Name	Inits.	Role	Presence
Robert Coomber	RC	AC Chair and Non-Executive Director ('NED')	All items
Patricia Connell-Julien	PCJ	AC member and NED	All items bar items 1 and 2
Shitij Kapur	SK	AC member and NED	All items bar items 1 and 2

AC SUPPORT FUNCTION

Name	Inits.	Role	Presence
Steven Thomas	ST	AC Secretary	All items

OTHER PERSONS IN ATTENDANCE

Name	Inits.	Role	Presence
Gus Heafield	GH	Director of Finance and Corporate Governance	All items bar item 12.2 and onwards
Nick Dawe	ND	Interim Director of Finance	All items
Louise Hall	LH	Interim Director of Human Resources, Organisational Development, Education and Training	Items 8.1 and 10 (part)
Kevin Limn	KL	Internal Audit (Chief Internal Auditor – TIAA*)	All items
Nicola Meeks	NM	Internal Audit (Audit Manager – TIAA*)	All items
Matthew Hall	MH	External Audit (Partner – Deloitte)	All items bar item 12.2 and onwards
David Kenealy	DK	Local Counter Fraud Specialist ('LCFS' – TIAA*)	All items bar item 1

* On 01.Oct.2013 Parkhill merged with TIAA Ltd and is now trading as TIAA

NOTES

The AC Chair decides on the appropriate order in which to take agenda items at AC meetings, and this is not necessarily the order shown below. The minutes focus on recording the information and assurances provided in the meeting, in response to questions from AC members and otherwise, rather than on the questions themselves.

1. UNMINUTED SESSION

1.1 This session was attended by RC, GH, ND, KL, ND, MH and ST. Key points discussed were:

- (a) linkages between Human Resources and LCFS;
- (b) compliance matters relating to Estates, catering and other support functions;
- (c) risk management – dashboard reporting: completeness of risks and risk management plans recorded in the various risk dashboards used around the Trust;
- (d) CIP and QIPP programmes and membership and attendances at key committees (AP.374 refers);
- (e) KPMG's report, which is to be considered in Part II of the agenda for the Dec.2013 meeting of the Board of Directors; and
- (f) after due discussion **the AC noted** this agenda item.

1.2 Action/(timescale). GH will arrange that the Executive will report on SLaM's support services as regards quality of service, compliance with NHS and statutory requirements, assurances on these matters and governance of these functions. Internal audit will consider and report on the Executive's report (Jun.2014).

2. INTRODUCTION AND APOLOGIES FOR ABSENCE

2.1 RC opened the meeting. ST reported apologies for absence from Jenny Goody (Interim Governance Manager) and Angus Fish (Senior External Audit Manager, Deloitte). After due discussion **the AC noted** this agenda item.

3. DECLARATIONS OF INTEREST

3.1 RC asked all present to declare any relevant interests. Routine declarations were made. PCJ declared an interest as a former employee of King's College London and as Trustee of Southside Certitude Support. SK declared an interest as a member of the CNS Scientific Advisory Board of Lundbeck Co and Roche Co. SK advises and consults with pharmaceutical companies periodically. After due discussion **the AC noted** these declarations.

4. MINUTES OF PREVIOUS AC MEETING(S)

4.1 The AC considered the final draft minutes of the AC meeting held on Tuesday 10.Sep.2013, and the note of comments (and resolution thereof) received on the prior draft. After due discussion **the AC approved** the minutes.

5. ACTION POINTS ('APs') FROM PREVIOUS AC MEETINGS

5.1 The AC considered the AP list, and:

- (a) **noted** GH's comment that the Trust Board Secretary was leading a review of SLaM's systems for managing and reporting on compliance with statutory and non-statutory requirements (AP.377 refers); and
- (b) **noted** that AC meetings would continue to include discussions (15 to 20 minute duration) about risk management with SLaM executive management and CAG leaders (alternating between the two), the precise topics for discussion being dependant on circumstances prevailing around the time of the AC meeting (AP.378 refers).

5.2 After due discussion **the AC noted** the AP list and **agreed** that all points shown thereon should be treated as closed.

6. MATTERS ARISING (IF ANY)

6.1 GH reported on the update of SLaM's Standing Orders ('SOs'), Standing Financial Instructions ('SFIs') and Reservation and Delegation of Powers documents, and:

- (a) GH advised that the AC had, at its March 2013 meeting, considered the draft updated SOs and SFIs and was content for them to be presented to the Board for approval, but that subsequently the update had been put on hold pending the results of the service line reporting project;
- (b) GH advised that he would report to the Board in January 2014, seeking approval of the updated SOs and SFIs considered by the AC, and approval of a plan for finalising the update in the light of the service line reporting project; and
- (c) after due discussion **the AC noted** GH's report.

7. KEY POINTS FROM RECENT SQISC MEETING(S)

7.1 On JG's behalf, ST tabled JG's note summarising key points from the 12.Dec.2013 meeting of the Service Quality Improvement Sub Committee ('SQISC'), and:

- (a) GH advised that internal audit's review of committees and terms of reference would complement work currently being conducted by the Trust Board Secretary (para 2 of JG's note refers);
- (b) GH advised that a senior meeting (comprising members of the wider executive with CAG leaders) had reported to the SQISC based on their comprehensive review focusing on one of the strategic risks recorded in the assurance framework. **The AC considered** that such an exercise should be performed regularly and should cover contracting and CAGs under pressure. NM confirmed that this was already happening. ND advised that SLaM needed to be alert for patterns or connections amongst issues individually insignificant for review, as such patterns and connections had often indicated more significant underlying problems (para 3 of JG's note refers); and
- (c) after due discussion **the AC noted** the agenda item.

8. REPORTS FROM AND DISCUSSIONS WITH SLA M MANAGEMENT (OTHER THAN FINANCE)

8.1 Progress report from management about resolving key points noted at previous meetings e-rostering

8.1.1 LH presented an update report about e-rostering implementation, and in particular:

- (a) LH advised as follows. Some users like using e-rostering, some do not. Implementation is still underway, and SLaM is recruiting to a management post to support this. Some KHP partners use e-rostering;
- (b) KL reported experience from other Trusts, as follows. Implementation generally takes about 9 to 18 months to embed. Benefits are most fully realised in localised systems when linked with business unit self-management, and in systems that have active sponsors. Some Acute Trust clients are using e-rostering to good effect;
- (c) ND advised as follows. Use of flat screen monitors directly to display e-rostering output, as opposed to manually transcribing electronic output onto whiteboards as is done currently, would improve efficiency and help users get to grips with the electronic system;
- (d) GH advised that a wider piece of work for the Board is underway, seeking stronger links between financial budgets and the physical realities they are meant to describe;
- (e) RC had no major concerns, other than to stress that SLaM should make a firm decision as to the balance between local and central management; and
- (f) after due discussion **the AC noted** the agenda item.

Mandatory training (AP.375 refers)

8.1.2 LH updated the AC about her review of mandatory training, and advised her main findings as follows:

- (a) 'one-size fits all' training is inefficient and ineffective, and should be replaced by training tailored in terms of content and duration. 10 minute updates, rather than standard 45 minute sessions, may be sufficient for some users. The induction course is currently too long, and the target should be 1.5 to 2.0 days;
- (b) e-learning can be an efficient and effective method for certain types of training, but current offerings need improvement to be fit for purpose;
- (c) the regularity and method of assessment/enforcement of training needs review. For instance enforcement might involve setting limitations to the degree of business unit self management and autonomy or, for individuals, setting restrictions on their ability to perform their job; and
- (d) two key problem areas are fire safety training and infection control training, each with around a 65% attendance rate which is too low.

8.1.3 RC noted that SLaM needs to resolve the issues around fire safety training and infection control training by March 2014 and, if the Board accepts LH's proposals for amending mandatory training arrangements, the amendments should be implemented within 12 months. After due discussion **the AC noted** the agenda item.

CIP and QIPP programmes and membership and attendances at key committees (AP.374 refers)

8.1.4 The AC was content that these matters had been duly dealt with during the unminuted session.

8.1.5 Action/(timescale). LH will update the AC about implementation of e-rostering and implementation of her proposals for amending mandatory training arrangements (Jun.2014).

8.2 Planned process for drafting/approval of 2013/14 AGS and declaration to CQC

8.2.1 GH advised that the Annual Governance Statement ('AGS') and declaration to the Care Quality Commission ('CQC') would be drafted by the Trust Board Secretary and, in good time before submission, subsequently reviewed by the Board of Directors with involvement of CAG management.

8.2.2 Action/(timescale). GH will report to the AC with a specific timetable for drafting, approval and submission of the AGS and CQC declaration (Mar.2014).

9. EXTERNAL AUDIT

9.1 Progress report

9.1.1 MH reported to the AC and:

- (a) MH advised that external audit would present their 2013/14 audit plan to the Mar.14 AC meeting, reflecting meetings with executive management in Jan.14;
- (b) MH reported that the audit approach would be similar to that adopted for the 2012/13 audit, and that Monitor had not yet finalised its requirements as to the audit of performance indicators. GH confirmed

- that SLaM would perform an appropriate pre-audit review of performance indicators as soon as possible;
- (c) MH reported that at a recent meeting of SLaM's Governors it had been suggested that a representative should attend AC meetings. GH considered that the Trust Chair and Trust Board Secretary should develop a proposal on this matter for the approval of the Board of Directors;
 - (d) MH advised that Deloitte had received two requests to perform non-audit work (relating to VAT and governance) from senior SLaM management. MH considered that performance of this work posed no threat to independence. **The AC agreed** that GH should review these requests and advise as appropriate;
 - (e) MH reported Deloitte's view that, for SLaM, consolidation of charitable funds would be required as the effects of such consolidation are material. GH stated that Monitor is considering how to deal with the effects of consolidation of charitable funds over all NHS bodies. ND commented that such consolidated figures could well show improvements in liquidity compared with the unconsolidated figures for NHS bodies, because of the high proportion of charitable funds represented by liquid funds;
 - (f) after due discussion **the AC noted** the agenda item.

9.1.2 Action/(timescale). GH should ensure that: (a) SLaM performs an appropriate pre-audit review of performance indicators as soon as this is possible; and (b) the 'Sector Developments' paper produced by Deloitte is circulated to Board members, together with a note summarising SLaM's actions in response to the 'next step' recommendations in Deloitte's paper (Jan.2014).

10. INTERNAL AUDIT (INCLUDING ICT AUDIT AND CLINICAL AUDIT IF RELEVANT)

10.1 Progress report

10.1.1 KL and NM presented this agenda item. NM advised that internal audit work was proceeding to plan, and that their attendance at risk committee meetings was working well.

10.1.2 NM flagged the key issues and risks noted in section 3 of the report regarding:

- (a) failure of the Psychosis CAG to hold necessary meetings to review and learn from 'Serious Incidents' for a period. NM stated that Psychosis CAG management had confirmed that they had alternative measures over that period, including review of Datix reports, and that they had developed a new system that was soon to be implemented. NM confirmed that internal audit would perform follow up work on the alternative measures and on the new system once implemented;
- (b) development and implementation of the Estates Strategy. NM advised that SLaM had in February 2013 launched a review of the Estates Strategy, aiming to finalise a revised strategy by March 2014, but there had been delays in the update process. ND commented, and the meeting agreed, that the Estates Strategy should be practical, including a top level 'overall direction' plan (supporting SLaM's top level strategic objectives, such as changes in the planned number of operational sites, and also SLaM's compliance with statute and regulations) and a more detailed 'first steps' action plan putting the top level plan into action. NM advised that there had been improvements in Estates Department senior management during 2013/14; and
- (c) risk management issues noted at the risk meetings and SQISC meetings attended by internal audit. These issues included capacity, violence and aggression, and changing commissioning structures.

10.1.3 Action/(timescale). GH and ND should ensure that the Board of Directors and the AC receive an updated timescale for development of an appropriate Estates Strategy, including a firm, realistic date for completion of the Estates Strategy (Feb.2014).

11. LOCAL COUNTER FRAUD SPECIALIST ('LCFS')

11.1 Progress report

11.1.1 DK presented this report prepared, as usual, following an update meeting with the Director of Finance and Corporate Governance and:

- (a) DK flagged the key points noted in the LCFS summary cover sheet;
- (b) DK flagged the steps taken by LCFS to maintain and enhance counter fraud training and awareness, noting that at times over 30 people attended the LCFS sessions at SLaM induction courses;
- (c) DK flagged three key issues relating to: signing by a staff member of a certificate for a private company tender process in India (DK confirmed that there was no impact on SLaM); breach of Trust procurement policies, specifically regarding use of a private ambulance company; and weaknesses in control over inappropriate changes to prescriptions;

- (d) DK advised that SLaM needed a Bribery Lead. The meeting suggested that this be followed up outside the meeting, and that GH would be a natural candidate;
- (e) DK confirmed that SLaM participated in the National Fraud Initiative but, like other NHS Trusts, found little use for the output which is generally too out-of-date but may well be of more use to Local Authorities;
- (f) DK confirmed that progress in closing cases was generally good and that, compared with other Trusts, a relatively high proportion of referrals at SLaM were not anonymous, thus enabling more effective follow up. DK also considered that LCFS at SLaM received more referrals than the LCFs at other Trusts, but it was unclear whether this was attributable to the relative sizes of the organisations or to staff at SLaM feeling less inhibited about making referrals;
- (g) SK suggested that SLaM should amend its 'conflict of interest' processes and disclosure certificates so that the responsibility is on the individual to confirm either that there are no conflicts or that all conflicts have been listed and appropriately discussed with SLaM management. DK agreed to help SLaM make such amendments; and
- (h) after due discussion **the AC noted** the agenda item.

11.1.2 Action/(timescale). DK will provide the AC with a report benchmarking fraud and counter fraud activity at SLaM. This will include referrals and will take account of the relative sizes of the organisations included in the benchmarking (Mar.2014).

12. RISK MANAGEMENT AND FINANCE

12.1 Report from Director of Finance on items 12.2 onwards

12.1.1 GH having left the meeting at this point, ND reported on GH's behalf as appropriate within agenda items 12.2 to 12.5 below. After due discussion **the AC noted** this.

12.2 Board and Executive response to key risks, and promoting lasting changes in risk behaviour

12.2.1 ND advised that the Trust Board Secretary's report to the Board in January/February 2014 would cover these points. ND advised that any focus on reporting of risks must not be to the detriment of taking action to address them. RC confirmed that the AC would continue to flag key risks to the Board in the quarterly papers presenting minutes of AC meetings. After due discussion **the AC noted** the agenda item.

12.3 Assurance framework

12.3.1 ND presented the assurance framework. The meeting discussed the report, in particular risk area 9 (Estates responsive and proactive service) which had also been discussed during the unminuted session (item 1). RC noted that care should be taken accurately to describe risks and treatment plans in the assurance framework, especially as regards risks related to the transformation project. Given that the natural mindset of executive management is problem-solving, there is an inherent risk that the words used in the assurance framework may understate risks or overstate the likely efficacy of the risk treatment plans. After due discussion **the AC noted** the agenda item.

12.4 Test of the assurance framework (Corporate Risk Log report)

12.4.1 ND presented the report, which summarised the current red-rated Trust-wide non clinical risks within the Corporate Risk Log. ND reiterated his comment that any focus on reporting of risks must not be to the detriment of taking action to address them. After due discussion **the AC noted** the agenda item.

12.5 Signed and sealed documents, SFI breaches and STAs

12.5.1 ND presented the 'signed and sealed' report, the 'single quote/tender action submissions ('STA')' report, and the 'breaches of Standing Financial Instructions ('SFIs')' report, and:

- (a) ND advised that there was nothing unusual or material recorded in these papers;
- (b) ND confirmed that he had approved document 376 (Clinical trials agreement in respect of the MADE trial) and that the omission of his name from the related signature field on the 'signed and sealed' schedule was a mistake;
- (c) ND advised that the contracts/agreements most important to SLaM (for instance those with Clinical Commissioning Groups and NHS England) would not be recorded on the 'signed and sealed' schedule.
- (d) After due discussion **the AC noted** the agenda item and **approved** the proposal that the signed and sealed report be appended to the draft minutes of the AC meeting when these are taken to the Board of Directors for information.

12.5.2 Action/(timescale). GH will advise the AC whether/how SLaM should report to the AC any significant signed contracts/agreements other than those dealt with in the 'signed and sealed' report (Mar.2014).

13. AC-RELATED MATTERS

13.1 AC workplan for the year ahead

13.1.1 ST presented the workplan. After due discussion **the AC approved** the workplan, subject to any updating required to reflect points raised in the meeting.

14. CPD NEEDS, ESCALATION OF MATTERS TO THE BOARD AND ANY OTHER BUSINESS

14.1 After due discussion **the AC concluded** that all agenda items and supporting agenda papers had received due consideration, that no significant training (Continued Professional Development – 'CPD') needs had been identified for AC members, and that (except where otherwise noted in these minutes) no matters required escalation for the attention of the Board. There being no further AC business, **RC closed the meeting.**

15. DATE OF NEXT MEETING

15.1 The **next quarterly** meeting will be held on **Tuesday 25th March 2014 from 09:00 to 11:00** in the Boardroom, Maudsley Hospital.

ACTION POINT ('AP') LIST

Excluded from the AP list below are actions previously agreed by the AC as completed and actions agreed by the AC Chair as completed.

Date arising	AC action point	Action lead	Date to complete	Notes/evidence that completed (or ref to relevant agenda item)	AC Chair sign off
Note. The table seeks to help AC members monitor and control key actions arising at AC meetings, and so does not necessarily list all points of detail such as drafting points. Attendees are expected also to make their own notes of action points affecting their areas of responsibility.					
17.12.13 378	1.2 GH will arrange that the Executive will report on SLaM's support services as regards quality of service, compliance with NHS and statutory requirements, assurances on these matters and governance of these functions. Internal audit will consider and report on the Executive's report	GH	Jun.14		
17.12.13 379	8.1.5 LH will update the AC about implementation of e-rostering and implementation of her proposals for amending mandatory training arrangements	LH	Jun.14		
17.12.13 380	8.2.2 GH will report to the AC with a specific timetable for drafting, approval and submission of the AGS and CQC declaration	GH	Mar.14		
17.12.13 381	9.1.2 GH should ensure that: (a) SLaM performs an appropriate pre-audit review of performance indicators as soon as this is possible; and (b) the 'Sector Developments' paper produced by Deloitte is circulated to Board members, together with a note summarising SLaM's actions in response to the 'next step' recommendations in Deloitte's paper	GH	Jan.14		
17.12.13 382	10.1.3 GH and ND should ensure that the Board of Directors and the AC receive an updated timescale for development of an appropriate Estates Strategy, including a firm, realistic date for completion of the Estates Strategy	GH, ND	Feb.14		
17.12.13 383	11.1.2 DK will provide the AC with a report benchmarking fraud and counter fraud activity at SLaM. This will include referrals and will take account of the relative sizes of the organisations included in the benchmarking	DK	Mar.14		
17.12.13 384	12.5.2 GH will advise the AC whether/how SLaM should report to the AC any significant signed contracts/agreements other than those dealt with in the 'signed and sealed' report	GH	Mar.14		