

Guy's and St Thomas' NHS
NHS Foundation Trust

TRUST AUDIT COMMITTEE

Part I

**Minutes of the Audit Committee meeting held on
Friday 20th November 2015
at St Thomas' Hospital, London**

- Present:** Mr S Weiner - Chairman
Mr R Drummond
Ms D Summers
Dr Priya Singh
- In attendance:** Ms A Pritchard, Acting Chief Executive
Sir H Taylor, Chairman
Mr M Shaw, Director of Finance
Mr S Sommerville, Director of IT
Mr S Steddon, Acting Chief Operating Officer
Mr M Gubby, Head of Information Governance
Mr S Nandrha, Principal Auditor
Mr P Allanson, Trust Secretary and Head of Corporate Affairs
Ms E Palmer, Deputy Director of Assurance
Mr D Lawson, Chief Procurement Officer
Mr S Lane, Head of Internal Audit
Mr N Thomas – KPMG
Ms F Nieboer - KPMG

1. Minutes of Previous Meeting

The minutes of the meeting held on the 2nd September 2015 were approved as a true record.

2. Matters Arising

Non clinical management consultancy costs

The Committee enquired as to what steps had been taken with regard to reducing spend on interims and consultants. It was noted that Monitor was about to publish payment caps on the use of temporary staff and had issued guidance, although this related initially only to consultants rather than interim appointments. The Head of Internal Audit advised that the Trust had produced a business case process for dealing with appointments covered by the Monitor guidance although this was narrower than the process envisaged within the audit report. There had been discussions, including between Procurement, Essentia and HR, to work to reduce

agency / interim costs and that a recruitment and retention payment had been identified as appropriate for a number of posts. Further, the Chief Procurement Officer advised that a tender exercise was underway with the agencies to obtain reduced costs including agency mark up rates. The committee requested an update on the costs of interims at the next audit committee meeting.

3. External Auditors

The Committee welcomed the external auditors to their first meeting following their appointment. KPMG had been asked to finish off a number of the subsidiary audits and were awaiting guidance from regulators prior to presenting an audit plan for the year end.

4. Board Assurance Framework and Risk Register

The Deputy Director of Assurance and Compliance reminded the Committee that the BAF was assembled from risks identified by directorates. The intention was to ask specific Board Committees to take responsibility for mitigating and resolving risks relevant to their portfolio. The risks currently identified had reasonable levels of assurance; the most serious risk related to finance and here the issues were well known and rehearsed.

The Committee commented on the new wording for the income diversification and commercial activities risk which it did not think reflected the problem clearly enough and asked for a senior level review. It was suggested that the lack of experience of handling difficult industrial relations at national level would pose risks for the Trust should junior doctors take strike action and should be considered for inclusion as a strategic risk.

The External Auditor said that the important aspect of the BAF was the description of how the Board assured itself about risk, noting that the advice from the Department of Health dated from 2002. The Trust Management Executive had established a group to review the most serious risks which was helping to increase focus, ownership and understanding. The Committee welcomed this iterative approach and asked that it received this level of senior attention.

The Committee welcomed the progress made on the BAF and encouraged its further refinement.

5. Information Governance Quarterly Update Report

The Head of Information Governance said that the Information Governance toolkit had new requirements which he expected the Trust to be able to meet, with some extra work, and would want to take a practical approach to those aspects of it which fell outside business as usual practices.

There has been one incident reported to the ICO concerning paper records left in a health centre.

On health records more generally, the improvement plan was being implemented with HR issues being dealt with. Neonatal records would be electronic only and records sent off site would be scanned only if they had to be retrieved.

He drew attention to the Trust's poor performance at meeting the target response times for freedom of information requests. Whilst it was surprising that applicants did not pursue the trust more rigorously an action plan to improve performance had been drawn up which included offering workshops to directorates and creating a single point of contact within the IG department.

6. Procurement: Non competitive Selection Report

The Chief Procurement Officer said that this regular report to the Committee was intended to provide reassurance that for single tender action there were suitable processes available and in use. Use of this type of waiver was discouraged on cost grounds and also to remove the risk of legal challenge to the process.

He suggested that the number of waivers was too high and his team was working with Essentia, which accounted for over half of the waivers, to promote compliance and reinforce the processes that should be followed. It was noted that the Trust's arrangements extended to hosted organisations including the BRC so some related to research and specialist equipment.

The process was now on line which allowed earlier scrutiny and challenge. Contract extensions were also identified as a potential issue though some were designed to align with other contracts and in some cases there were cost savings from agreeing to them.

The Committee welcomed the level of visibility the report offered and encouraged the continuing professionalisation of procurement in the Trust.

7. Internal Audit Report

The Head of Internal Audit reported that the plan to deliver 43 reports during the year was behind schedule and that the team would require support to return to trajectory.

The Committee noted the reports on the A&E 4 hour wait target where clock starts and ambulances booking in procedures were being reviewed as a result of the audit.

The Committee welcomed the focus in improving processes on use of Omnicell cabinets in the cardiovascular directorate which could benefit its overall financial performance. If the improvements would only come from an injection of staff it was important that this would represent value for money. The Chief Procurement Officer advised that the staff input would be achieved through using a different staff mix rather than additional staff. Strong clinical leadership seemed to drive better compliance and there were now regular meetings with the directorate aimed at reducing the range of equipment available and ensuring the processes were properly followed.

A report was under consideration about the collection of property rental income which had led to a more fundamental review about who had authority to commit to commercial leases including the use of roof space for telecoms equipment. In the case on one tenant they were dealing with Essentia for one property and the Commercial directorate for another. It was agreed that this should be resolved and dealt with in one place.

The committee noted the recommendations within the audit report concerning salary overpayments, particularly greater transparency at the Trust Management Executive. The Group Director IT&I advised that the new IT desktop should improve the process of termination. The committee emphasised that they were keen to see action to reduce overpayments.

The Committee noted the report.

8. Counter Fraud Report

It was noted that four members of staff had been dismissed for working illegally.

NHS Protect had made an inspection visit to review one part of the standard (Hold to Account) the Trust was expected to meet and had been rated as "green". This was in-line with the Trust's self assessment.

9. Next meeting

The Head of Internal Audit and the Trust Secretary were asked to review the terms of reference for the Committee and report to the next meeting.

The next meeting will be held at 1pm on 10th February 2016, in the River Room, St Thomas' Hospital.