

AUDIT & RISK MANAGEMENT COMMITTEE MEETING MINUTES

Venue: Conference Hall, Nishkam Centre,
6 Soho Road, Handsworth,
Birmingham B21 9BH

Date: 4th July 2019, 15:30 – 17:30

Members Present:

Ms M Perry, Non-Executive Director & Chair (MP)
Mr H Kang, Non-Executive Director (HK)
Cllr W Zaffar, Non-Executive Director (WZ)
Mr M Laverty, Assoc. Non-Executive Director (ML)

In attendance:

Ms K Dhami, Director of Governance (KD)
Ms D McLannahan, Acting Director
of Finance (DM)
Mr D Baker, Director Partnerships &
Innovation. (DB)
Mr B Vaughan, RSM (BV)
Mr A Hussain, RSM (AH)
Mr M Stocks, Grant Thornton (MS)

Meeting Support:

Ms J Turley, Executive Assistant (JT)

1. Introductions [for the purpose of voice recording].	Verbal
The Committee members introduced themselves for the purpose of the meeting recording.	
2. Welcome and apologies for absence	Verbal
Apologies were received from: Prof. K. Thomas and Mr M. Hoare.	
3. Minutes of the previous meeting: 13th February 2019	AR (05/19) 001
The minutes were accepted as an accurate record of the meeting with the following amendments: It was noted that Mr H Kang Chaired the last meeting and Mr W Zaffar sent apologies. Item 12, bullet point one; change a score of 18.5 to a green rating.	
4. Matters and actions arising from previous meetings	AR (05/19) 002
An update of matters and actions arising from the previous meeting were provided as follows: <ul style="list-style-type: none"> <i>Action Item: AR (05/19) 00 2 Check with Mr Lewis if the note added to the accounts covered his requirements regarding the agreement to omit the non-transfer of assets to Black Country Pathology. DM confirmed this action was completed.</i> <i>Action Item: AR (05/19) 006 Check how many of the 700 members of staff had never had the mandatory training for information governance and report this data to the Committee.</i> 	

KD advised that she was awaiting the figures and they would be circulated in due course.

- *Action item AR (02/19) 005 Overseas visitors prepare and present a split between emergency and non-emergency treatments.*

KD advised that this item was being investigated and was required to be configured manually.

- *Action item AR (02/19) 011 Follow up on the outstanding debt with the Birmingham City Council with Toby Lewis.*

DM updated the group and confirmed that she had signed off a schedule to write off all the Birmingham City Council debt in relation to delayed transfers of care to 31st March 2019. She added that this action was without prejudice and would be added to the credit note for raising charges for 19/20.

5. Data Quality report

AR (07/19) 003

DB noted the paper and the following points were made:

- Of the 79 indicators in the IQPR which were investigated, assurance had been given to over 63 of them, and 2 were deemed no longer applicable.
- It was advised that one had not yet been assured around Fractured Neck of Femur.
- There were 13 indicators deemed to require a later review.
- DB pointed out that whilst assurance was in place for many indicators, a large amount of individual red segments remained.
- Some indicators had 4 out of 7 segments still red and likewise in some of the actual segments, 30 of the 79 were red, indicating substantial room for improvement. The Chair advised that the work carried out was the initial stage of the Data Quality Improvement Plan in order to form a platform for further work, to include the following:
 - To delve further into improvement requirements and ascertain whether issues were specific to one particular area of the organisation, or whether there were cultural issues.
 - To ensure that review dates were in place on all of the kitemarks.
 - To investigate the top 10 issues which may deliver improvement.
 - To ensure that the Trust had not created an issue in terms of performance indicators being measured nationally.
- DB advised the next steps would include the following actions:
 - Schedule a detailed review of the 13 indicators requiring a later review.
 - Agree specific actions for some of the key indicators in conjunction with the Performance Management Committee.
- It was confirmed that the WHO Safer Surgery audit had been scheduled and the findings would be reported to this Committee.
- DB wished to thank the RSM team, particularly Sue, for the amount of work carried out on the Trust's behalf.

Action: DB to create the next stages of the Data Quality Improvement Plan for presentation at the next meeting.

6. Governance Pack

AR (07/19) 004

DM noted the paper and the following points were made:

- The aged debt non-NHS receivables improved considerably having written off nearly £2m of Birmingham City Council debt.
- DM advised that the Birmingham City Council debt was always provided for as a bad debt to avoid adverse impact on the financial performance.
- Co-operation between the finance team and the overseas patient's team had increased in recent weeks and it was anticipated that this would result in more timely invoicing and improved debt recovery.
- DM gave an update on the following NHS debtors:
 - St George's, London.
 - Walsall.
 - UHB.
- DM updated the Committee regarding overseas debt as follows:
 - A process to receive cash had been created
 - Proforma prices were being calculated to be able to charge patients up front.
- A substantial amount of old debt had been written off and been provided for in full as soon as the invoice was raised.
- Legal advisers had been consulted regarding debt recovery of overseas debt.
- The Trust had arranged to engage with NHSI around debt recovery best practice and an improving picture was expected.
- There were no processes in place to tackle salary overpayments.
- DM advised that guidance around how to read a payslip was necessary and an electronic version of the nominal role was under development.
- The system around tender waivers was under review and it had been agreed that the Dudley Group System would be implemented around single tender waivers. As a result of this new process the SFI's would require changing, and a paper regarding this would be presented at the next meeting. This would also be set out in a FIC report in terms of non-pay and the Procurement Plan update.
- ML questioned what extra resource was in place to the team dealing with the overseas debt matter. DM confirmed that an individual had been recruited from the Healthcare Overseas Project, and an overseas team had been put in place from KD's directorate.
- DM advised that the finance team was responsible for recovering debt once an invoice had been raised, and that there had been no additional resource added into the Finance team.
- ML advised that collecting overseas debt once people had departed the UK would be troublesome and that the ambition should be moderated to reflect this. DM confirmed that engagement with the NHSI around best practice, and the guidelines around overseas recovery of debt had taken place.

7. Overseas Patients/Visitors: Charging Update

AR (07/19) 005

KD noted the paper and the following points were made:

- The overseas visitor's team had identified those patients who were not eligible for free NHS treatment and this work had been commended by NHSI.
- KD advised that she had mobilised the team to proactively find ways to recover money from the overseas visitors without getting to invoicing stage, and therefore avoiding adding charges to the debt.

- A local tariff list had been developed.
- Payment in instalments had been considered.
- It was advised that UCL was successful at clawing back money yet lacked the ability of the Trust to identify patients who were not eligible for free NHS treatment. A mutually beneficial meeting had therefore been set up to share knowledge.
- Early identification via working with GPs had been implemented.
- Discussion commenced around at what point debts were written off and it was agreed that this process required to be systematic.
- HK questioned if debt collection agencies had been considered and it was confirmed that they had, however it was discovered that there was no market for this kind of debt purchase.
- The issue of how staff approached patients to ask the questions necessary to ascertain if they needed to pay was discussed. KD advised the Committee that training had been given and the staff were very respectful around how they asked the relevant questions. She advised that there had been some concern with the receptionists within A&E however, following training and monitoring, this was now working well. KD added that so far no negative feedback had been received from staff.

8. Financial Systems Improvement Plan

AR (07/19) 006

DM noted the paper and the following points were made:

- The implementation of an update to the Oracle financial system on 1st April last year, a cloud-based system which promised to improve functionality, stability and no requirement for local data storage. The business partner who was engaged for implementation and ongoing support, Evosys, had proved unacceptable and had been replaced. The key issues around this were reported as follows:
 - Ongoing reporting failures.
 - AP system failures and backlogs, the system had been much slower than anticipated.
 - Scanning system failure, which was an Oracle system problem where the invoice recognition scanning software was not recognising invoices consistently.
 - Inability to migrate from Access databases, although the Trust is near to a resolution on this issue.
 - Inability to implement improved business information. DM advised that this would be possible to implement once the fundamentals were resolved.
- Root causes were identified as follows:
 - Insufficient connectivity bandwidth.
 - Was not configured very well.
 - There was incomplete and un-reinforced training.
 - Poor issue diagnosis and resolution. The performance of Evosys was not good and they are no longer partnering the Trust and a local provider, Version One, had been sourced to replace them.
 - Software failure.
 - Suboptimal use of modern methods.
 - Lack of focus on improvement.
- DM advised that Go Live, of the health and social care network and the high-speed connections was expected on 1st July 2019 with a one gig connection.

- It was reported that there was one line available which could be configured solely for the purposes of using Oracle. It was confirmed that the line had yet to go live, and this was due to a Virgin matter rather than a Trust issue.
- It was reported that Version One was carrying out a reconfiguration of the system to make it more intuitive and easier to use.
- An ongoing training plan would be designed in direct response to GTs audit findings report, which picked up that the Trust had lost 12,000 invoice images.
- The Trust was managing Version One’s support and outputs very closely.
- Oracle had promised a re-build of the scanning solution during Summer 2020.
- A new system entitled Electronic Data Interchange would be implemented to manage invoices alongside Tradeshift, to ensure that scanning worked effectively.
- DM advised that her team had met with Oracle and would continue to work with them around exploring new methods.
- An Improvement Plan required implementation, and standards from a business improvement perspective required definition.
- ML questioned how this activity was overseen and DM confirmed that there was no formal structure to the managing of this project although dedicated resource had been allocated. DM suggested that the Improvement Plan was brought back to this Committee. DM confirmed that this matter was discussed amongst her directorate several times a week.
- The Chair questioned back up arrangements. DM confirmed that interim manual arrangements were in place via the I.T. department, and that longer term this would be part of the Trust-wide Cloud based back up plan solution
- The Chair questioned if an alternative was provided should the dedicated line fail. DM agreed to investigate this and report back to the Committee.

Action: DM to present Financial Services Improvement Plan Report to next Committee meeting.

Action: DM to check if the Oracle Cloud system was stand alone.

Action: DM to investigate if there was an alternative if the dedicated line for Oracle failed.

9. Speak Up update

AR (07/19) 007

KD noted the paper and the following points were made:

- It was agreed by the Board that the Audit Committee would track the progress regarding this item.
- A Speak Up scorecard would be presented to the August Board. This would then be received at the Audit Committee together with exception reports.
- KD emphasised the need for clarity when discussing Speak Up relating to Freedom to Speak Up Guardians,
- It was reported that for the wider Speak Up initiative, it was important to revisit the Speak Up Policy draft received by the Board last year.
- The implementation and launch of the Speak Up Policy were discussed.
- It was noted that the Guardians had been pleased to have a web page on safeguarding, which also provided a platform for any member of staff to contact any one of the Guardian’s directly. The web page was also a repository for the Guardians, incorporating all of their cases, and they would have the ability to pull off management reports.

- KD confirmed that reports would be put through the Quality and Safety Committee, commencing in July 2019.
- KD added that the next steps would include the scorecard and policy launch, together with the promotion of the Speak Up Non-Executive Director.

10. Annual Audit Letter 2018-19

AR (07/19) 008

MS noted the paper and explained that the report was a requirement by the NAO.

MS gave a summary of the highlights of the paper as follows:

- Grant Thornton (GT) gave an unqualified opinion on the Trust's financial statements on 29 May 2019.
- No statutory powers were used.
- An unqualified value for money conclusion was issued.
- There were no issues with the quality account.
- MS confirmed a positive result.
- Concerns were highlighted as follows:
 - NHS debt.
 - Processes around signing contracts with the Trust.
 - The financial systems, although GT were content with the Improvement Plan as set out by DM.
- GT confirmed that they were comfortable with the going concern.
- GT confirmed that they were content that Midland Met VAT treatment was a contingent liability, however, they emphasised a desire to push this process through prior to the publishing of the next final accounts.
- GT confirmed that they were content with the Trust's financial resilience.
- GT confirmed that they were content with the Trust's handling of Midland Met.
- DM advised that she agreed with the items flagged by GT and emphasised that the VAT issue would be prioritised for resolution with HMRC.
- ML commented that he felt the annual audit was good overall and thanked and congratulated DM and all the staff involved, and HK reiterated this message.

11. External Audit Progress Report and Sector Update

AR (07/19) 009

MS noted the paper and the following points were made:

- The 18/19 audit had been completed.
- Three areas had been identified for focus over the next year as follows:
 1. Financial systems, which it was thought would be a key part of the external audit plan.
 2. Unity.
 3. Midland Met, both build and transition plan.

12. Internal Audit Progress Report

AR (07/19) 010

AH noted the paper and the following points were made:

- There were three key focusses for 19/20 as follows:

1. People Governance:
 - Appraisals and effective recruitment.
 2. Quality and Safety Governance as follows:
 - The safer Surgery deep dive review.
 - The safety plan, which was picked up as part of the 18/19 plan as an area requiring improvement.
 3. I.T. Governance and Cyber Security.
 - Internal audit expressed a wish to define some of the reviews around Unity.
- AH advised that his team tracked all the actions and there were currently 5 outstanding. AH wished to call out this achievement and wished to congratulate management for their regular support.
 - AH advised that a validation exercise was being undertaken and the outcome of that would be reported at the next meeting, whereby those actions that management had reported as closed, the audit team were actively seeking evidence and confirmation of closure.
 - The data quality piece of work had been completed.
 - The Chair extended her thanks for the efforts made to close recommendations.

13. Counter Fraud Progress Report	AR (07/19) 011
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BV gave an overview of the paper and the following was noted:

- The key messages were as follows:
 - A total of 5 referrals had been received since April.
 - Further activity undertaken was reported as follows:
 - Bespoke awareness sessions to linking in with the agenda to overseas visitors' teams to make them aware of fraud.
 - Discussions with the Trust Medical Director with a view to arranging evening fraud awareness sessions for consultants.
 - National fraud initiative data sets had been released. It was confirmed that the Home Office would not take part in the initiative this year.
 - Discussions had taken place in terms of recovering funds with regards to the two individuals who had defrauded the Trust through the falsification of timesheets and other documents, which was ongoing. It was agreed that it would not be useful to consider these offences from a criminal angle, however a repayment plan had been put into place and the individuals had been dismissed, which had been upheld at appeal and referred to the NMC for potential strike-off action following their investigation into that matter.
 - The Chair queried her repeated receipt of emails from NHS Counter Fraud regarding the procurement fraud return. DM advised that it was mentioned in BV's report and that she had a draft copy of the return. She reported that there was a minor amount of work to be completed by the 12th July (the return date) but there were no major risk areas flagged up within the return.

14. Committee effectiveness	Verbal
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The Chair noted that the meeting had been effective.

15. Matters to raise to the Trust Board	Verbal
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The Chair noted that a summary note would be compiled for the Trust Board.

16. Any other business

Verbal

DM summarised the National Cost Collection Exercise as follows:

- The exercise set out the Trust’s approach to the National Cost Collection for 18/19, previously known as reference costs.
- DM confirmed that the results of the exercise formed Model Hospital and the paper set out some of the improvements and development around moving it from reference costs to patient level information costing.
- The reference costing transforming into the Costing Transformation Programme, which was launched in 2016, and most organisations in the Country elected to adopt it early. The Trust did not.
- The 18/19 National Cost Collection was the first mandatory year of the Costing Transformation Programme. DM confirmed that all minimum requirements had been met in year 1 and some of year 2. Year 3 was more extensively developed and a clear work plan was in place to meet some of the challenges that the Trust would face.
- The Trust had patient level information costing system capability.
- For this year, the CTP programme required submission of patient level information costing for admitted patient care outpatients and A&E.
- An old-style reference cost return would be completed for any remaining activity.
- Activity data would be reconciled to the submission.
- With regards to the cost collection quantum, the Trust as an organisation tended to apportion about 87% of the total cost base, and needed to improve on this figure.
- A Data Quality Improvement plan had been created.
- The Committee was asked to approve the approach and be assured that the Trust was following national guidance and principals. DM clarified that any gap analysis was set out in the paper as being completed and issued, and was to be addressed as part of the Data Quality Improvement Plan.

Details of next meeting: Thursday, 3rd October from 15:30 to 17:00, in Tutorial Room 5, Postgraduate Centre at City Hospital.

Signed
Print
Date